

Juan Antonio Samaranch, the president of the International Olympic Committee, shown on a large screen speaking at the extraordinary session.

## 6 Olympic Officials Are Forced Out

But the IOC President Receives a Convincing Vote of Confidence

By Christopher Clarey  
*International Herald Tribune*

LAUSANNE, Switzerland — In an unprecedented move that its leaders characterized as the beginning of a major reform process, the International Olympic Committee voted Wednesday to expel six of its members for accepting payments and other inducements from officials involved in Salt Lake City's successful bid to be host to the 2002 Winter Olympics.

The IOC members also gave an overwhelming vote of confidence to Juan Antonio Samaranch, the IOC president, who had been criticized over the scandal.

MOSCOW (AP) — The Russian Parliament will ratify the key START-2 nuclear arms reduction treaty if the Kremlin backs controversial opt-out clauses proposed by lawmakers, the speaker, Gennadi Seleznyov, said Wednesday.

"Everything will be all right with this treaty" if President Boris Yeltsin supports amendments to the Strategic Arms Reduction treaty, the Interfax news agency quoted the speaker as saying. The legislators' amendments would enable Moscow to withdraw from the accord under certain circumstances.

The U.S. Senate ratified the pact in 1996, and Washington has grown impatient with Russian stalling.

and Paul Wallwork of Western Samoa. "At the risk of sounding Churchillian, I think we're at the end of the beginning or nearing the end of the beginning," said Richard Pound, an IOC vice-president, in reference to reform.

Mr. Pound, a Canadian lawyer, headed a special internal commission that recommended that the six members be expelled. "I think we have a fair amount of work ahead of us to do to recover and regroup and move on," he said. "I think this is a good start, and while it was painful for us to do it, had we not done it it would have been very hard for us to move forward. It would have been something on our back all the time."

Each of the six accused members was allowed 20 minutes to defend himself on Wednesday afternoon. The presentations were described as dignified, with no shouting or finger-pointing.

"It was a political decision," Mr. Santander said after the votes. "The

investigating commission did what it thought was right but the little countries are being made to pay."

Mr. Pound denied that there was any political or demographic bias in the inquiry.

Mr. Arroyo said he felt the commission had been too hasty. "The press, they wanted to have heads knocked down; mine happened to be in the way."

Mr. Ganga, the most vocal of the accused in recent weeks, said, "I wish this session had found out more about the truth and worked harder to establish it, but we accept this decision, as we have always said, with sportsmanship."

Four other members already had resigned after being implicated in the largest bribery scandal in Olympic history, and 10 other members have received official warnings from the IOC's executive board. An organization that began the year with 114 members is

See SCANDAL, Page 8

## U.S. Senate Approves Missile-Shield Plan

By Brian Knowlton  
*International Herald Tribune*

WASHINGTON — The Senate on Wednesday overwhelmingly called for the construction of a national anti-missile defense, a move certain to anger China and infuriate Russia, threatening the 1972 Anti-Ballistic Missile Treaty and raising questions about the future of arms agreements with Russia.

The proposal, which calls for deployment of a ballistic missile defense system as soon as it is "technologically possible," passed by a vote of 97 to 3. The House takes up similar legislation Thursday.

The overwhelming support for the

legislation would not have been expected even a few months ago, but backing grew in both parties as anger spread over reported Chinese spying at a U.S. nuclear laboratory, and following ballistic missile tests by Iran and North Korea.

"The Democrats are running scared on this," said Tom Collina, a spokesman for the Union of Concerned Scientists, which opposes the legislation. "The Republicans have had this issue for years.

Now the threat has appeared and the Democrats were caught flat-footed."

As support grew, Senate Democrats on Tuesday withdrew their longtime opposition to the plan, and President Bill Clinton dropped a threat to veto the legislation.

The administration had wanted to delay a decision on deployment until June 2000. Putting a system in place was expected to take five years beyond that.

While the bill passed Wednesday is expected to have little impact on the deployment date, it has angered Moscow and been castigated by advocates of arms control.

It drew harsh criticism Wednesday on the Senate floor.

"We must not make the decision to deploy prematurely," said Senator Richard Durbin of Illinois, the assistant Democratic floor leader. Moving ahead without first renegotiating the ABM

See KOREA, Page 8

## NATO Gives Serbs A Final Warning

Allied Forces Prepare to Strike As Peace Talks Appear to Fail

By Craig R. Whitney  
*New York Times Service*

PARIS — As Serbian forces continued to pour troops and tanks into Kosovo, European and American intermediaries in peace talks here prepared to shut down the negotiations without any agreement, probably on Thursday. U.S. officials in Washington and French Foreign Ministry officials in Paris warned that the NATO allies were ready to carry out their threat to begin a vast bombing campaign against Serbian military targets in Kosovo and beyond unless President Slobodan Milosevic of Yugoslavia accepted an accord.

General Wesley Clark, the alliance's supreme commander, testified before the House Armed Services Committee on Wednesday that Serbian forces were "prepared to resume the conflict on a very large scale should these peace talks fail to result in an agreement or should they conclude that for some reason NATO wasn't serious in its expressed intent."

Foreign Minister Hubert Vedrine of France, co-chairing the peace talks with Foreign Secretary Robin Cook of Britain, said Tuesday that NATO's decision to use force if the Serbs were the main obstacle to peace remained in effect. French diplomats added that France and the United States stood firmly with the rest of the allies in their determination to carry out the threat.

Before the talks break off, the ethnic Albanian rebels who have been fighting for the last year for independence for the province will sign the draft agreement that was worked out at Rambouillet outside Paris last month, according to mediators and representatives of the Albanian delegation.

"One signature, unfortunately, doesn't make an agreement," said the Russian mediator, Boris Mayorsky.

The draft provides for autonomy under Serbian sovereignty for a three-year transition period, and 28,000 peacekeepers under command of the NATO alliance to enforce its terms.

But mediators said Wednesday that Serbian negotiators were refusing even to discuss terms of how to put the agreement into effect.

"Based on talks the last few days with the Yugoslav side, we are not anticipating any further progress," said Christopher Hill, the American mediator.

Mr. Vedrine and Mr. Cook would confer with the mediators on Thursday afternoon about ending the talks, officials said, and could decide to make one more trip to Belgrade to try to get Mr. Milosevic to change his mind and accept the agreement as have the representatives of the ethnic Albanians, who make up 90 percent of the province's 2 million people.

But diplomats said that it might take the bombing that NATO has been threatening since last fall to get the Serbian side to change its position.

See KOSOVO, Page 8



An Albanian woman crying Wednesday as she fled new fighting in Kosovo. A study found that 40 Albanians were massacred. Page 8.

## Europe's Quandary

Former Prime Minister Romano Prodi of Italy emerges as front-runner to head the EU Commission. • Prime Minister Tony Blair appears determined to push for fundamental reform. • Gerhard Schroeder tries to shape the outcome. Page 5.

## Crisis Divides EU Between Reformers And Realists

By Joseph Fitchett  
*International Herald Tribune*

PARIS — As they grappled with the downfall of the European Commission, the 15 member nations of the European Union betrayed discordant political cultures Wednesday in assessing the significance and seriousness of the crisis — and deciding whether it required a radical response.

ANALYSIS Many capitals seemed inclined to treat the scandal as an embarrassing glitch, damaging Europe's credibility at an awkward moment but essentially a case of political naivete. In contrast, Prime Minister Tony Blair of Britain and analysts across Europe saw the crisis as a major event in the union in the 1990s, ranking it alongside the single currency as a challenge for European integration in the next century.

Mr. Blair, cautiously supported by Chancellor Gerhard Schroeder of Germany, insists that the crisis should jolt the EU into a commitment to greater accountability, arguing that a maturing EU needs more democracy in the system to sustain support among taxpayers and voters, and to buttress Europe's credibility in the rest of the world.

In the United States and, apparently to a lesser degree, Japan and the rest of Asia, the scandal engulfing the European Union has an almost familiar sound of a legislature, in this case the European Parliament, holding the executive branch's feet to the fire.

In the new world of globalization, there is a convergence in the norms of governance in the world's democracies. The problem for the European Union, however, is that it has never been a government. Instead, the commission, usually backed by governments, has filled a technocratic role, building a single market and other economic structures with rare efficiency.

But the construction often proceeded in a closed world of bureaucratic horse-trading, where accommodation could get results and accountability was a complication. Breaking with that system, rebalancing Europe's institutions and introducing new public expectations are daunting reforms, but the current scandal may provide a starting point.

For the moment, the European Union has sustained a setback. For enthusiasm, Brussels had a multinational bureaucracy symbolizing effective integration. But skeptics, from Margaret Thatcher of Britain to Jean-Marie Le Pen of France, have demonized the commission as technocrats imposing European regulations almost by stealth and without accountability.

The strength of reactions to the scandal reflected the deep frustration in



ANTI-APARTHEID ACTIVIST FOUND GUILTY — Allan Boesak after his theft and fraud convictions Wednesday in Cape Town. Page 2.

## Korea Accord Applauded

Seoul Is Delighted by U.S. Deal With the North

By Don Kirk  
*International Herald Tribune*

SEOUL — South Korean officials said Wednesday that they were relieved and happy about the deal reached by U.S. and North Korean negotiators calling for inspection of a suspected nuclear site in North Korea in exchange for food aid for the starving country.

"We really hope that suspicions about the site will be removed," said Song Min Soon, a security expert on the staff of President Kim Dae Jung. "The trend is now moving toward negotiated settlement rather than crisis."

That view summarized the outlook of a government that appeared to have gained new confidence in Mr. Kim's policy of reconciliation as the only way to end the armed truce that has marked relations between North and South Korea since the end of the Korean War in 1953.

Mr. Hong mingled caution, however, with his optimism, calling the agreement "just the beginning of the process of confirming whether or not North Korea has a nuclear program" in violation of the Geneva agreement of 1994.

South Korean officials said U.S. and

one sensitive to any sign of direct talks between North Korea and the United States, said they not only welcomed the agreement but hoped the United States and North Korea would form diplomatic relations. "Normalization of ties with the United States would lead to further opening of North Korea with the global community," said South Korea's foreign minister, Hong Soon Young. The ultimate result, he predicted, would be "normalization of relations on the Korean Peninsula," that is, broad agreement between North and South Korea to deal directly with each other.

Mr. Hong mingled caution, however, with his optimism, calling the agreement "just the beginning of the process of confirming whether or not North Korea has a nuclear program" in violation of the Geneva agreement of 1994.

South Korean officials said U.S. and

See DEFUSE, Page 3

Such reporting is significant because it indicates a growing chorus of opposition to the highly controversial project from within China's sometimes fractious bureaucracy. Western sources have said the Ministry of Finance has long opposed the project because of its expense. During an inspection tour of the construction site in December, Mr. Zhu warned against "any carelessness or negligence" that would bring "disaster to our future generations." He called for the hiring of "foreign engineering-monitoring companies with good reputations" to audit key parts of the dam's construction.

No one expects that the project in this city 1,100 kilometers (700 miles) south of Beijing will be

shelved. Its first coffer dam was in place by 1997. But some Chinese observers have predicted that it could be scaled back.

The project is highly sensitive politically because it is associated with the fortunes of Li Peng, Mr. Zhu's predecessor as prime minister and a longtime supporter of the interests of China's power industry. Any scaling down of the Three Gorges Dam would mark a significant defeat for Mr. Li, now the head of the National People's Congress, or Parliament. Allies of Mr. Li at the Ministry of Water Resources have backed the project, sources say, because it has brought billions of dollars through its coffers.

See CHINA, Page 8

## China Media Break Taboo on Questioning Giant Dam

By John Pomfret  
*Washington Post Service*

YICHANG, China — The official press in China has begun publishing articles criticizing one of the biggest public works projects in the world, the Three Gorges Dam, which, if it is completed, will block the mighty Yangtze River and create a mammoth reservoir.

In the last three weeks, the People's Daily, the official newspaper of the Communist Party, and Xinhua, the official press agency, have written several reports drawing into question the project's funding and the government's effort to relocate residents whose homes and farmland will be submerged. Prime Minister Zhu Rongji raised concerns about the proj-

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## THE AMERICAS

## In a Switch, Reno Now Opposes the Special Prosecutor Law

## POLITICAL NOTES

## Medicare Panel Quits

*The Associated Press*  
WASHINGTON — Attorney General Janet Reno told Congress on Wednesday that she no longer supported the independent counsel law because she has seen her decisions on some cases "plunged into the political process."

Senator Fred Thompson, a Tennessee Republican who is chairman of the Senate Governmental Affairs Committee, retorted that the reaction to her decision may have "to do just with your decisions."

Ms. Reno appeared before the committee to oppose extending the law governing independent counsels.

The Justice Department reversed course in recent weeks to oppose another five-year renewal of the law. Ms. Reno's top deputy testified earlier this month in opposition to an extension.

Ms. Reno said that when she became attorney general, "I didn't account for the focus and the immediate posture of any decision I made, to see it plunged into the political process."

Ms. Reno has been under fire from Republicans

in Congress, including Mr. Thompson, for not recommending an independent counsel investigation of fund-raising by the 1996 Clinton re-election campaign.

In his remarks to a House panel, Deputy Attorney General Eric Holder emphasized that the administration's new position was not based on "problems with individual independent counsels," such as Kenneth Starr, whose five-year investigation of President Bill Clinton led to the second presidential impeachment in history.

He said the law "comes dangerously close to tipping the traditional balance of fairness in the conduct of criminal investigations and prosecutions" by insulating independent counsels from financial accountability and traditional Justice Department rules.

The law is set to expire on June 30. It is disliked by members of both parties after independent counsel investigations of Republican and Democratic presidents and other government officials.

If Congress lets the law expire, as it did in 1992

before renewing it 18 months later, dozens of high-ranking government officials who now could be subject to an independent counsel inquiry would be investigated instead by the Justice Department. In 1993, Ms. Reno recommended re-enacting the law.

The Justice Department has administered the law since its beginning in 1978 in the wake of the Watergate scandals. It gives the attorney general a framework for recommending that an outside investigator take over inquiries into certain high-level White House and other government figures.

Ms. Reno, who has recommended the appointment of seven independent counsels during her six-year tenure, has been the frequent target of congressional critics such as Senator Orrin Hatch, a Utah Republican, who claims she has been biased toward the White House.

## ■ Why Reno Has Changed Her Mind

*David Johnson and Don Van Natta Jr. of The New York Times reported earlier from Washington.*  
During her six years as attorney general, Ms.

Reno's position on the 21-year old Watergate-era reform law has hardened as she tried to carry out the statute, and she has come to view it as rigid, unwieldy and unfair, law enforcement officials said. In a more personal sense, Ms. Reno's shift on the law illuminates a rise of passage for the Miami prosecutor who was tossed with little preparation into the brutal combat over politics and law in the nation's capital.

Aides to Ms. Reno said she often watched in frustration and anger at what she viewed as serious prosecutorial abuses committed during inquiries led by several independent counsels, including Mr. Starr, and concluded that some of these investigations had spun out of control.

At first, some of Ms. Reno's aides hoped the law might work as it was designed to keep the Justice Department out of political controversies. Instead, the aides said the law has had the opposite effect, repeatedly plunging Ms. Reno into raw partisan battles that left her deeply scarred and undercut her image of integrity.

## Away From Politics

• Addressing the defendant as an "angry, sinister, controlling and malignant force," a Delaware state judge ordered that Thomas Capano, 49, a once prominent and wealthy lawyer, be executed for the murder of a former mistress, Anne Marie Fahey. (NYT)

• The guitar of the mass killer Charles Manson was smashed in an attack by other inmates who slipped into an area reserved for California's most notorious prisoners. Such an attack "is a big badge of honor" among other convicts, a prison spokesman said. (AP)

• A man convicted of two murders and suspected of being part of a gang who used their victims' body parts in ghoulish rituals, Andrew Kokoroski, 35, was executed by lethal injection in Illinois. (Reuters)

• A judge again ordered reporters for The Atlanta Journal-Constitution to name sources for articles about Richard Jewell, a suspect in the Centennial Olympic Park bombing in 1996 before he was cleared by the Justice Department. The reporters could be jailed if they refused to name the sources. (AP)

• A 6-year-old boy who climbed a zoo embankment to get a better look at the big cats was bitten in the head by a leopard as he leaned against a fence in Colorado Springs, Colorado. Two off-duty state workers kicked the 72-pound leopard away from Phillip Rupert and pulled him to safety. (AP)

## Republicans Lead Poll on Foreign Policy

By Richard Morin and David S. Broder  
*Washington Post Service*

WASHINGTON — Democrats continue to hold the advantage with the American public on most domestic issues, but Republicans have reclaimed the lead on foreign policy as crises from Kosovo to China have become the center of political debate, according to a Washington Post-ABC News poll.

Republican leaders think they may have found an election issue for 2000 and have been attacking President Bill Clinton's plans to send U.S. troops into Kosovo and alleged laxity in safeguarding nuclear secrets from China.

The most striking shift in party ratings in the poll was on the handling of foreign affairs. Last autumn, Democrats led 49 percent to 42 percent; now Republicans are preferred, 46 percent to 38 percent.

But when it comes to the party Americans trust most to deal with "the main problems the nation faces over the next few years," the poll found that Democrats hold a 47 percent to 37 percent advantage over Republicans.

At the same time, though, the Democratic margin on several issues has shrunk. On the economy, the No. 1 concern of voters, Republicans have narrowed the Democratic lead from 13 percentage points in September to 5 points in the poll.

More Americans also say they want Mr. Clinton, not congressional Republicans, to set the national agenda. Nearly half — 47 percent — of the poll's respondents said they would prefer to see the country go in the direction Mr. Clinton wants to lead it while 29 percent would prefer to follow the Republicans' path. Independents preferred the president's direction by nearly 2 to 1.

The poll offered hints that Mr. Clinton's seemingly unshakable hold on the American people may be weakening. His job approval rating was 64 percent down from 68 percent in February.

The proportion of Americans who said they "strongly approved" of his job performance fell from 46 percent to 38 percent in the past month. Still, Mr. Clinton is far more popular than congressional Republicans. Most of the poll respondents — 56 percent — said they disapproved of the Republicans' job performance while 51 percent said they approved of congressional Democrats.

For the poll, 1,515 randomly selected adults were interviewed. The margin of sampling error was plus or minus 3 percentage points.

Overall, Republicans have failed to make progress on many of their party's issues, like crime and taxes, a situation that could help Democrats in the 2000 elections. Republicans also continue to lag far behind Democrats on such issues as health care, Social Security and help for the middle class.

Moreover, despite the shift toward the Republican Party on foreign affairs, political pollsters question its significance, noting that foreign policy rates very low among voters' concerns.

Just last week, the House of Representatives came within a few votes of rejecting Mr. Clinton's plan to send American troops into Kosovo as part of a NATO peacekeeping force. Republicans in Congress and their party's presidential hopefuls have also attacked the Clinton administration over the disclosure of possible Chinese infiltration at Los Alamos nuclear weapons laboratory.

The poll found that 6 in 10 rated the handling of foreign affairs as a "very important" foreign issue — well behind the economy, Social Security, crime and education, among others.

Other poll results suggest problems for the Republicans, some of whom were seen as displaying excessive moral zeal during the impeachment trial. Nearly half of the respondents (47 percent) said the Democrats better represented their own personal values, compared with 39 percent who said Republicans did.



ROCK 'N' ROLL TALK — Mary Wilson of the former rock group The Supremes joins Representatives Dennis Kucinich, Democrat of Ohio, right, and Charles Norwood, Republican of Georgia, to push for legislation to protect performers' names from use in "copycat" shows.

## DEFENSE: Senate Overwhelmingly Revives Plan for National Anti-Missile Deployment

Continued from Page 1

Treaty with Russia, he said, "would be the end of Strategic Arms Reduction Talks."

The START-2 treaty, which would roughly halve both sides' nuclear weapons stocks, was ratified by the Senate in 1996 and was approaching ratification by the Russian State Duma when U.S. lawmakers introduced a bill Tuesday that would make their approval of START-2 dependent on a U.S. commitment to the ABM treaty.

China has also bridled at suggestions that the United States might extend an anti-missile defense program to friends in Asia, including possibly Taiwan, Japan and South Korea.

The threat of attack on U.S. territory by "rogue nations" like North Korea and Iran, whose ability to develop ballistic missile technology was unforeseen when the ABM treaty was conceived, has become a cornerstone of arguments for a national missile defense.

Mr. Durbin said, however, that the much greater danger, and one against

which an anti-missile defense would be irrelevant, was of terrorist attacks "far more likely to be delivered by truck than by missile."

Backers of the plan, including many Republicans and some Democrats, insisted that the threat to U.S. territory from rogue states was real, making the ABM treaty a thing of the past and justifying its renegotiation or abrogation.

Deployment of a missile defense system, said Senator John McCain, Republican of Arizona, one of his party's senior national security spokesmen, could be viewed by some nations "as a potentially hostile act."

But he said "the unpredictability of potential threats" made a defense system crucially important.

Senator John Warner of Virginia, a Republican who is chairman of the Armed Services Committee, said that only by passing the bill could Russia be induced seriously to enter talks on modifying the ABM Treaty, adding, "I do not say abolish it, I say carefully modify it."

## ■ Face-Saving Amendments

John M. Broder of The New York Times reported.

The White House's sudden reversal on a national missile defense, the latest version of the much-debated "Star Wars" program of the Reagan era, came after Democrats drafted two face-saving amendments that allowed the White House to assert that the bill would not jeopardize arms control deals with Russia or commit the United States to building an untested system.

White House officials were too modest to claim victory. The chief sentiment was relief at having at least partially defused what could have become a potential political issue next year.

"We got the best deal we could," a senior White House aide said.

But even with the president's late change of heart on missile defenses, Republicans were likely to seize on the issue as a fundamental philosophical difference with Democrats.

Polls show that the public finds Democrats more credible on domestic social issues such as education, Social Security and health care. Republicans, however, retain their lead on foreign policy and defense, and Republican leaders in Congress have explicitly said that they intend to highlight differences

with Democrats on national security over the next two years.

Administration officials said that Mr. Clinton was swayed by more than public opinion, which has always looked favorably on some form of missile defense. Mr. Clinton and Democrats in Congress began to temper their opposition to developing at least a limited missile defense system after North Korea last July tested a five-stage ballistic missile with enough range to hit U.S. troops in Asia and potentially to reach North America.

A bipartisan commission chaired by Donald Rumsfeld, a Republican former secretary of defense, warned that North Korea and other rogue states could potentially hit targets in America with ballistic missiles by 2005.

The administration responded by beefing up spending for missile defense research.

"They felt they needed to shift position and give ground to avoid being swamped by political critics on the right, as well as by more centrist people in their own party and nonpartisan experts," said Robert Zoellick, president of the Center for Strategic and International Studies.

## Order Was Ignored On Atom Security

By Jeff Gerth  
*New York Times Service*

WASHINGTON — In late 1996, months earlier than previously acknowledged, a senior Energy Department official ordered that security measures at the nation's nuclear weapons laboratories be quickly strengthened, but his orders were largely ignored or delayed, Clinton administration officials said this week.

Until now, senior administration officials had said that they first learned of the security lapses at the labs in the summer of 1997 and took prompt action. But eight months earlier, in November 1996, Charles Curtis, the deputy secretary of energy, ordered a series of security measures to be carried out on a strict timetable over the next several months, the officials said.

But those measures were not taken, the officials said, despite the warning in the Energy Department's 1996 annual security review that the department was "at greater risk of becoming a victim of espionage than at any time in its history."

Officials said Tuesday that this inaction was largely owing to a change in leadership at the Energy Department. Federico Pena became secretary of energy in March 1997, and Mr. Curtis left one month later.

The timing of the administration's response to security concerns at Los Alamos National Laboratory, in New Mexico, and other nuclear weapons centers has become a political issue following reports that the White House, the Federal Bureau of Investigation and the Central Intelligence Agency had not responded quickly to allegations that China had stolen an important piece of nuclear technology from Los Alamos in the 1980s.

## AMERICAN TOPICS

## Tattoos Guide Campus Nurses

It is a blustery day at Rutgers University, in New Jersey, and Walter Hewitt, a nurse at the health center, is treating his 10th cold of the day. "Open your mouth," he says to a student ... and out pops a silver tongue ring. Down the hall, when a nurse practitioner, Judith Greif, asks another student to lift his shirt for an examination, she notices his nipples are pierced.

Such sights once caused workers at college health centers to gasp — or to ask, "Why are you doing that to yourself?" — but now they are accustomed to the tattoos, piercing, branding and even "sewing" of the skin that have become common on campuses, The Chronicle of Higher Education reports.

Health care workers do have cause for concern: Piercing by inexperienced practitioners can cause infection — or even paralysis if a nerve ending is pierced — and tongue piercings can lead to chipped teeth.

But health workers have found that body decorations often lead to a better understanding of patients. One doctor, treating a student for a cold, noticed a new tattoo protesting violence against women. He asked about it, and she eventually said she had been date-raped. He was able to persuade her to seek counseling.

Mr. Hewitt and Ms. Greif, who surveyed body decorations among students at 18 American universities, were surprised to learn that students generally had thought hard before getting tattoos, a far cry from the age-old image of the tattoo as a sailor's drunken whim. More than half the tattooed students, incidentally, had grade-point averages of 3.0 or higher on the four-point system.

## Short Takes

A proposal by Anthony Williams, the Washington mayor, to move the University of the District of Columbia from its campus in mostly affluent northwest Washington to Anacostia, the poorest section of the city, has encountered severe opposition.

Mr. Williams, who has been at the center of a series of controversies, said the move would promote economic development both at the current site, which he would hope to sell to private developers, and at the new site, according to The New York Times.

Many students have objected. "Everybody is upset," said Lawanda Johnson, a senior. "People are fighting to get away from places like Anacostia. Where we go now is a way out."

The aggressive flying insects known as "killer bees" have moved farther north into California, spreading through the San Fernando Valley. Agricultural officials in Los Angeles County say the Africanized honeybees have colonized 40 percent of the region, the Los Angeles Times reports. At least five people in the southern United States have been killed by the insects, which are prone to swarming.

Hot is hot — and getting hotter. From the popularity of Szechuan food to Cajun to Tex-Mex to Thai, Americans have embraced one hot-and-spicy specialty after another. Annual sales of the hottest spices have risen to 3.4 million pounds (1.5 million kilograms) from 2 million pounds in the late 1970s.

Brian Knowlton

## General in Sex Case Enters Guilty Plea

*The Associated Press*

FORT LEWIS, Washington — A retired general pleaded guilty Wednesday to eight charges involving sexual improprieties with the wives of subordinates, becoming the highest-ranking army officer to be court-martialed since 1952.

Major General David Hale, who was allowed to retire honorably in February 1998 after the allegations became public, entered his plea in exchange for the promise of a reduced sentence.

His case had prompted complaints from some legislators that his retirement represented a double standard when people of lower rank were court-martialed for alleged sexual misconduct. Defense Secretary William Cohen subsequently tightened retirement rules for top officers to bar them from retiring until any charges against them are resolved.

General Hale, 53, entered pleas to seven counts of conduct unbecoming an officer, including having four improper relationships with the wives of subordinates, and one count of making false official statements.

The maximum possible sentence was 11 years in prison, loss of his \$75,000-a-year pension and dismissal from the service.

In exchange for General Hale's plea, the army dropped nine charges. He had faced a possible 56 years in prison if convicted of the original 17 counts, which included allegations that he lied to subordinates and superiors.

Under questioning Wednesday, General Hale confirmed that he would target vulnerable women in troubled marriages, seeing them socially in scuba-diving clubs, bowling clubs and on shopping trips, giving them money for phone calls and sending them flowers.

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## ASIA/PACIFIC

**Letter From Japan: Asia's Emerald Isle Loves a Parade, Too**By Mary Jordan  
Washington Post Service

TOKYO — It was a little slice of Dublin: creamy pints of Guinness and big piles of bacon, eggs and brown bread for breakfast, and musicians playing bouncy traditional Irish tunes in the corner.

It's just that there aren't many musicians in Dublin named Moriyasu.

But that's St. Patrick's Day in Tokyo: a curious blend of a few hundred Irish expatriates and a surprisingly large crowd of Japanese who appreciate things Irish — like Isaac and Masako Moriyasu, who spend five months a year playing and studying traditional music in Ireland, where they are known as Paddy and Bridget.

At Bewley's Cafe in Tokyo, the couple looked the part: a cable-knit sweater for him, a long peasant skirt for her. And they sounded it, too, ranging from melancholy songs to stomping tunes on their flute and tin whistle, their accordion and concertina, harp and the fiddle drum known as a bodhran.

People here, Isaac Moriyasu says, are attracted by the image of Ireland as a rural, unspoiled land with ancient traditions — as many Japanese still view Japan, despite its booming development in the last 50 years. "I can't really understand American English," he said, apologizing to an

American interviewer. "I only know County Clare farmer English."

Of course, even though the Tokyo Bewley's pub looks like the original Bewley's in Dublin, with its dark hardwood interior and a menu that includes beef stew and shepherd's pie, there are reminders of Tokyo, particularly the price of a pint: \$8.50.

The St. Patrick's Day parade ended near the

door of Bewley's, where plaques commemorating Irish writers Yeats and Synge and Joyce line the steps. And this year those plaques were as close as many got to the Bewley's

buffet, because of the thousands who turned out to watch the parade of marching bands, Irish wolfhounds, Japanese wearing silly green wigs and jiggling, and all manner of bakers — including one that said, in Japanese, "We're all Irish anyway."

"I hope it says that," said one young Irishman helping to celebrate the streets in Tokyo. In fact, just about the only other marchers in town are leftist union protesters or ultranationalist rightists who are still upset that Japan lost World War II.

The U.S. ambassador, Thomas Foley, said

There are reminders of Tokyo, though, including the price of a pint: \$8.50.

Mr. Moriyasu, who teaches traditional Japanese music to college students, said it had been easy for him to interest people in Irish music because it has many of the same stylistic roots as Japanese folk music. He has taken scores of students to Ireland in the last few years, and his students made up most of the impromptu band in Foley's on Sunday.

Tokyo is perhaps the mecca of Irishness in Asia, with not only the Irish from Ireland, but the Irish from Australia, New Zealand, America and elsewhere. Irish priests have been here for decades, hearing confessions in Japanese in the few

Catholic parishes in a land where only 1 percent of people are Christian. The newer Irish are largely young, well-educated engineers and chemists.

Eight years ago, about 50 Irish folks marked St. Patrick's Day by marching down the sidewalk in Roppongi, Tokyo's version of Times Square (before the face-lift). Out of that sidewalk stroll this Asian Irish parade was born. Now in the Omotesando high-fashion district, the celebration has grown each year. Police estimated that 5,000 marched and watched this year's parade on Sunday.

The Japanese parade watchers were few of the garish green getups usually spotted in New York

or Boston.

There were no Kiss-Me-I'm-Irish-in-my-shamrock boxer shorts, for instance. But, as the baton twirlers and trumpet players marched by, people wore the same kind of smiles. The "St. Patrick's Day in Tokyo" T-shirts sold out early.

Tim Pat Coogan, an Irish historian who recently traveled from Jamaica to Tanzania to Japan for a book on the Irish diaspora, said he found people on just about every continent marching in ever bigger crowds to celebrate St. Patrick's Day.

Part of the urge Irish have to celebrate, to tell others "come, join us" is the "sheer affection for one's childhood, history, roots," he said. "There is something deep in it," he said. "It's not just about green beer and shamrocks."

**Indian Scenario That's Worthy Of Bollywood**By Barry Bearak  
New York Times Service

NEW DELHI — Jayalalitha Jayaram, a former movie star who is one of India's most politically powerful and dependably outlandish figures, is facing charges that she thrashed her former accountant with high-heel shoes, beating him black and blue during an hour-long argument and leaving him bedridden with a bandaged right eye.

Miss Jayaram denies that any such attack took place. "I am too cultured to indulge in such an uncivilized act," she said.

She sent flowers to the hospitalized accountant, R. Rajasekaran, who refused the bouquet.

Police officials say they are investigating the incident, said to have occurred in her elegant residence in Madras on Saturday.

True or not, Mr. Rajasekaran's week in India was front-page news for some and an acute embarrassment for others.

Miss Jayaram heads the All-India Anna Dravida Munnetra Kazhagam, the political party that is the largest coalition partner of the Hindu nationalists who lead the government.

Leaders in the government have frequently had to mollify Miss Jayaram during her many threats to abandon the coalition. They, in turn, have come under severe criticism for what some here view as improper efforts to help her escape from numerous criminal charges.

Last month, the government transferred various corruption cases against the former actress away from the special state courts that had been handling them.

The charges stem from the early 1990s, when Miss Jayaram was chief minister of the state of Tamil Nadu. During that time she reportedly accumulated a fortune through kickback schemes.

Mr. Rajasekaran had been Miss Jayaram's accountant for 10 years when they had a falling-out in 1997, he explained. He said he was summoned to her residence Saturday, where the former chief minister met him along with her companion, Sasikala Natarajan, and Miss Natarajan's nephew, M. Mahadevan.

"When Sasikala came into the room, she bolted the door from inside and took two shoes with high heels from a plastic bag," he said.

The women hammered at him with the shoes while Mr. Mahadevan, he said, used a stick. "Unable to bear the pain, I cried for mercy," he said.

Mr. Rajasekaran was then made to write and sign statements that admitted his responsibility for lapses in the two women's tax returns, he said.

## BRIEFLY

**Encephalitis Strikes Malaysia**

KUALA LUMPUR — Malaysian authorities on Wednesday reported three more deaths from a worsening outbreak of encephalitis that has created a health scare in parts of the country and ravaged the pork industry.

The virus is believed to have killed at least 47 people since October, including about two dozen in the last two weeks, health officials said.

The virus is transmitted from infected pigs to humans by the culex mosquito.

Although it cannot be transmitted through pork, demand for pork in Malaysia and Singapore has plunged, threatening the livelihood of pig breeders. (Reuters)

**Burma Styms Its Opponent**

BANGKOK — The British husband of the Burmese opposition leader Daw Aung San Suu Kyi is gravely ill with cancer in Britain and is seeking a visa from Rangoon's military government to visit his wife, sources close to the family said Wednesday.

The sources, who did not want to be identified by name, said Michael Aris was suffering from prostate cancer that had spread to his spine and lungs and was not expected to live long.

The Rangoon government, which is eager to see Daw Aung San Suu Kyi leave the country, has refused to issue a visa to her husband for the last three years and has indicated that she should be the one to travel.

But the family sources said it was unlikely that Daw Aung San Suu Kyi would leave Burma as she did not believe she would be allowed to return. (Reuters)



TIBETAN NEW YEAR — Buddhist monks in ceremonial costume waiting to perform Wednesday at the Lama Temple in Beijing to mark the new year. The gathering is the largest one of Tibetan and Mongolian monks outside Tibet.

## INTERNATIONAL

**Eritrea Claims a Victory in Border Battle**By Ian Fisher  
New York Times Service

generally believed Eritrea's version of the battles, which began early Sunday morning and ended Tuesday.

One Western diplomat in the Ethiopian capital, Addis Ababa, said he believed Ethiopia had tried to repeat the success it had late February, when it expelled Eritrean forces from the Badme region, the central area in dispute. This time, he said, Eritrean troops did not appear to make it through Eritrean lines.

"Ethiopia did get a bloody nose," the diplomat said. But he and other observers speculated that the attack may have been partly a probe for weaknesses and that fighting will reignite soon.

Eritrea, however, said it had "completely foiled" a "major offensive," destroying 57 tanks, capturing another 6 and shooting down Monday an Ethiopian MiG-23 fighter plane.

Yemane Ghebremeskel, an Eritrean spokesman, ridiculed Ethiopia's suggestion that it had planted the bodies. "There is ample evidence," he said. "They have suffered a big defeat and they want to downplay it."

While refusing to disclose Eritrean casu-

alties, he said well over 9,000 Ethiopians had died in the fighting. Ethiopia denied the claim.

The war between Ethiopia and Eritrea, although a local dispute in the remote highlands on the Horn of Africa, nonetheless has been a major concern to outside nations, in part because of the question of casualties.

No independent authorities have been allowed to the front, but estimates from diplomats and military analysts run from 10,000 dead to double or more, given how well each side is armed.

The dispute between the two nations dates back to 1993, when Eritrea separated amicably from Ethiopia but the 960-kilometer (600-mile) border between them was never settled. Fighting first broke out in May 1998, when Eritrea claimed the Badme region as its own and sent in its troops.

After an eight-month lull, fighting broke out again last month, and Ethiopia pushed Eritrean soldiers out of Badme. But fighting continues because Ethiopia claims that Eritrean troops still occupy three other areas it says belong to Ethiopia.

**Israeli Water Plan Angers Jordanians**

AMMAN — Jordan's Parliament lashed out at Israel on Wednesday for its decision to reduce the quantity of water it agrees to supply under a 1994 peace treaty.

"Jordan's water belongs to it by right; it is not a donation or a gift of kindness for Israel to grant or withhold as it pleases," said a statement from the lower house of Parliament published by the official news agency, Petra.

The 80-member chamber charged that Israel's refusal to supply Jordan with the water it needs represents a "violation — indeed an evasion — of all its peace accords and casts doubts on the sincerity of Israel's intentions."

Prime Minister Benjamin Netanyahu of Israel said a regional drought was responsible for the decision to cut the water supply. (AFP)

**Move to Condemn Air Raids Blocked**

CAIRO — Kuwait and Saudi Arabia blocked the Arab League from debating Wednesday a proposal to condemn U.S. and British enforced no-fly zones over Iraq, a senior league official said.

But Iraq insisted it had the right to raise the issue during the Arab League foreign ministers meeting that opened in Cairo on Wednesday, said the official, who requested anonymity. Arab countries have become increasingly uncomfortable with almost daily bombing and missile strikes carried out by U.S. and British warplanes patrolling the no-fly zones from bases in Kuwait and Saudi Arabia. (AFP)

**Election Council Named in Haiti**

PORT-AU-PRINCE, Haiti — President René Préval has appointed a new council to organize legislative elections, a widely anticipated move to resolve a political crisis that has paralyzed the government for nearly two years.

Haiti has not had a properly functioning government since Prime Minister Rosny Smarh resigned in June 1997, charging that partial legislative elections held two months earlier were rigged. (AP)

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**INTERNATIONAL HERALD TRIBUNE**  
THE WORLD'S DAILY NEWSPAPER

**Ecuadorans' Worry Rises as Economy Falters**By Anthony Faiola  
Washington Post Service

as they seek to weaken their economies from heavy reliance on the state and make the transition to free-market capitalism.

Although some Latin American nations, such as Chile and Argentina, have essentially completed such transitions, Ecuador — along with Venezuela and Paraguay, among others — has been unable to make serious progress on reform because of political opposition and rampant corruption.

Late Tuesday, former President Fabian Alarcón was arrested on charges of padding the state payroll with more than 1,000 phantom employees while leader of the legislature from August 1995 to February 1997, Reuters reported. Mr. Alarcón, who served subsequently as interim president until last August, called the charge politically motivated.

Like other Latin American countries, Ecuador has been stung by the collapse of the currency in Brazil, the world's eighth-largest economy, which has caused many investors to lose confidence in the region.

"It's not the economic model at fault, but the inability of the government to carry out whatever model they choose," a senior Western diplomat said. "If you have a political class in bed with the cynical, corrupt business class, no model is ever going to work."

Crisis is not new to Ecuador — a nation of 12 million people that in 1997 had three presidents in less than a week. But many say they have never seen anything like the current turmoil.

Gas prices have been raised 170 percent. Inflation is the highest in Latin America. Strikes are paralyzing cities. Several major banks are on the verge of collapse. Government reserves have fallen so low that economists say Ecuador will no longer be able to support its currency.

Meanwhile, opposition from both ends of the

political spectrum is mounting against a plan by President Jamil Mahuad to carry out austerity measures.

The situation is so bad that Mr. Mahuad has declared a state of emergency, and some in his inner circle have recommended dissolving the legislature and putting his austerity plan into effect by decree, according to Western diplomats.

On Tuesday, troops wearing gray fatigues and carrying automatic weapons stood watch over Quito. This week, the army has used tear gas and riot gear to disperse angry strikers, but their efforts do not seem to be working.

Schools were closed across the nation because teachers, who have not been paid in three months, were also taking to the streets. In some coastal towns, the situation has boiled over and frantic residents have resorted to looting.

"It's not even that I can't buy my children clothes or books for school," said Fernando Velalba, 49, a taxi driver who was setting a tire on fire to block a road in northern Quito. "But now, gas is so expensive that I lose money working. How am I supposed to feed my three children? We're going to starve!"

The economic mess has a number of causes. Ecuador has suffered more than \$2.8 billion worth of damage from floods spawned by storms related to the El Niño current in the Pacific Ocean, which ravaged crops and caused huge loan defaults. Moreover, it lost \$600 million in foreign revenue from the drop in the price of oil, one of its leading exports.

While Mr. Mahuad has been criticized for taking too long to formulate an economic stabilization plan, economists say the austerity measures the Harvard-educated lawyer and former Quito mayor proposed last Friday could ease the crisis.

مكتاب الأصل

## EUROPE

## Prodi the Front-Runner For Top European Post

By Barry James  
International Herald Tribune

BRUSSELS — Former Prime Minister Romano Prodi of Italy emerged late Wednesday as the front-runner for the post of president of the European Commission, following the resignation of all 20 members of the European executive in the face of a scathing anti-corruption report.

But sources close to Mr. Prodi said he would accept the job only if it were offered to him for the full five years of the next presidency. He would not agree to becoming an interim president.

Chancellor Gerhard Schroeder of Germany said that he was looking for someone to serve the full five-year term. Mr. Schroeder, who was touring European capitals seeking a way out of the crisis caused by the commission's resignation, said Mr. Prodi would make an "excellent" commission leader. He was dining with Prime Minister Massimo D'Alema, who was expected to endorse Mr. Prodi's candidacy.

Among other politicians who could serve as permanent commission chiefs, Prime Minister Antonio Guterres of Portugal said he had domestic commitments, and a spokesman at the North Atlantic Treaty Organization said its secretary general, Javier Solana Madariaga, was too busy with Kosovo and other problems to have even given thought to the EU presidency.

Mr. D'Alema said, "We need a quick solution," and Mr. Schroeder categorically ruled out the possibility of Jacques Santer, the president of the present interim commission, holding onto his post. Mr. Santer was scheduled to appear before the European Parliament on Monday, and could announce then that he was stepping aside.

Across the political spectrum, members of the Parliament said it was inconceivable that Mr. Santer and Edith Cresson, the commissioner in charge of research and education, could continue in their posts. Mr. Santer has to take the rap for political and management failures at the commission, while Mrs. Cresson was blamed for overlooking wide-scale fraud in a program she managed, and for nepotism.

Although they have resigned, the commissioners remained at their posts on a temporary basis. They urged that replacements be found "without delay."

"We have resigned and have no desire or intention of remaining in office a moment longer than we have to," the commissioners said in a joint statement.

They said that, pending the selection of a new commission, they would deal only with current and urgent business,

since this is required by the EU treaty. But they said that they would not take any new initiatives.

As Europe's leaders sought a consensus on a new executive for the European Union, the German government raised the possibility Wednesday of holding an emergency EU summit meeting that could name either a permanent or an interim candidate.

Germany will be host to a summit meeting in Berlin next week, hoping for an agreement on reforming the Union's finances and opening the way to membership by countries in Eastern and Western Europe. While the question of a new commission president to replace Jacques Santer may come up at the Berlin meeting, the agenda is too full to allow a full discussion of who may replace him.

But a spokesman said another summit meeting could be held shortly after the Berlin conference specifically to deal with the succession problem.

EU officials and members of the European Parliament said that Sir Leon Brittan, senior vice president of the outgoing commission, might be named on an interim basis to replace Mr. Santer, pending a permanent solution. Another possible interim commission chief was Karel Van Miert, the EU commissioner in charge of competition.

The mass resignation, which left a power vacuum at the heart of the EU, swept the union into uncharted waters.

An interim solution seems the most likely for three key reasons: First, the Amsterdam Treaty coming into effect this year, following ratification by member states, gives the European Parliament a much stronger role in the selection of commissioners, which until now has been the prerogative of governments.

The treaty also gives the president-elect a say in choosing his or her own team. The Parliament will be re-elected in June. Therefore, deputies say there will have to be a confirmation hearing of an interim commission now, and under the Amsterdam rules, new hearings will have to be held once the new Parliament is elected, even if a permanent candidate is selected now.

Secondly, governments are tied up with an enormously complex agenda to reform EU finances and prepare the way for enlarging the Union. They have not had time to think about the commission presidency. Third, it is not just a question of appointing one person. Mr. Solana, for example, is seen as a candidate because of his international foreign and security experience. But his appointment would mean finding someone to fill the NATO spot, which would create another important vacancy.

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PRESENT, SHAMROCKS! — Prince Edward with members of the Irish Guards at a British Army base in Munster, Germany, on Wednesday, all sporting shamrocks in honor of St. Patrick's Day.

## Schroeder Promotes Berlin Agenda

By John Schmid  
International Herald Tribune

FRANKFURT — As he whistled through European capitals Wednesday as the leader of an embattled European Union, Chancellor Gerhard Schroeder of Germany sought not only to calm Europe's immediate leadership crisis but also to shape the outcome of a pivotal summit meeting in Berlin next week.

In Vienna, Mr. Schroeder said agreement on a sweeping overhaul of EU farm and regional aid spending at the summit meeting had become more urgent following the resignation of the 20-member European Commission this week.

"We must make it clear that in this difficult situation, the EU remains capable of acting," the Mr. Schroeder said during a visit with Chancellor Viktor Klima of Austria.

Mr. Schroeder is seeking to lay the groundwork for an accord in Berlin on a reform of the EU's \$35 billion euro (\$39.4 billion) annual budget.

According to political experts, Mr. Schroeder, who will host the summit under the rotating six-month EU presidency, now can warn EU leaders that failure to agree in Berlin would drop a "second crisis" into their laps.

Without a budget deal in Berlin, it will be more difficult to extend EU programs and the common market to compar-

atively poorer nations in Central and Eastern Europe, the German delegation has long maintained. And results are needed to restore credibility to the EU. Mr. Schroeder is expected to argue, a Bonn source said.

Horse-trading over top EU jobs now could sidetrack the main agenda, some analysts warned. All 20 EU commissioners resigned Tuesday after an independent panel of investigators released a damning report on corruption and mismanagement in the EU executive body.

Even in the best of times, the EU budget program for Berlin, known as Agenda 2000, was widely considered a major political undertaking.

The German approach demands politically painful sacrifices from France on its farm budget, threatens diminished economic aid to Spain, and pressures Britain to reduce an annual budget rebate it won 15 years ago.

Mr. Schroeder cannot repeat EU negotiation tactics employed by former Chancellor Helmut Kohl, who used the promise of increased German EU spending as a way to wrest compromises from EU partners. He already has pledged that he will get a reduction in Germany's annual EU net payments, by far the highest in the Union.

The commission crisis gives Mr. Schroeder the sense of urgency he has long sought to break the logjam of na-

tional interests that threaten to block the Agenda 2000 package, Bonn sources said.

For weeks, he has warned that failure for the EU to agree at such a historic juncture would put the new common currency under brutal sell-off pressure in financial markets. That tactic, however, only added to the criticism of Mr. Schroeder's handling of the EU presidency.

Bonn took over the six-month post on Jan. 1, the date the euro was introduced. Since then, the euro's exchange rate has fallen steadily and Bonn reaped some of the blame.

Analysts said the euro had suffered from political mismanagement partly because German officials have demanded interest-rate cuts at the European Central Bank.

But the German presidency also has been overshadowed by strains in the French-German alliance. Complaints by the French of German diplomatic ineptitude came out at an informal EU summit meeting last month in Bonn.

In another threat to summit harmony, France on Wednesday announced that it would reopen talks on a package of farm-spending reforms that other EU partners considered closed. "France did not agree to the package and voiced many reservations," the French agriculture minister, Jean Glavany, told the National Assembly in Paris.

## BRIEFLY

### Pinochet Will Learn His Fate Next Week

LONDON — General Augusto Pinochet will learn next week whether he is free to return to Chile or must remain in England to face possible extradition to Spain on charges of crimes against humanity.

The Law Lords, Britain's highest court, said Wednesday they would make public next Wednesday their ruling on his claim that as a former head of state he enjoys sovereign immunity from arrest. He has been held under house arrest in England since Oct. 16 in response to an application from a Spanish judge seeking his extradition to Madrid to stand trial on charges of murder, torture and kidnapping in connection with the deaths or disappearances of more than 3,000 people in the 17 years he ruled Chile.

The former Chilean dictator, 83, has been living in a rented house in a London suburb since being released on Dec. 1 from a hospital where he was recovering from back surgery. He has denounced the charges against him as "the lies of Spain."

## Turkish Parliament Close to Censure Vote

ANKARA — Turkey's Parliament took a step toward a censure vote against Prime Minister Bülent Ecevit on Wednesday, but he said his foes would not succeed in delaying April elections even if they toppled him.

An alliance of dissident secularist deputies and Islamists pushed Parliament a step closer to censure by voting to schedule a preliminary debate on the motion for Thursday. A final vote could not be held until Tuesday at the earliest if the motion cleared other hurdles.

But it was not clear whether the opposition could muster the votes needed to deliver a lethal blow to Mr. Ecevit's caretaker government.

(Reuters)

**New Killing in Ulster**

BELFAST — Northern Ireland was hit by violence on Wednesday when a man thought to be a pro-British Protestant was shot to death in Belfast, the police said.

BBC television described the victim as "a former leading member" of a Protestant "loyalist" guerrilla group, the Red Hand Commandos.

The police did not disclose the victim's identity or suggest a motive, but there was speculation that he might have been shot by fellow Protestant hard-liners.

## Blair Uses EU Crisis to Push Reform

By Tom Buerkle  
International Herald Tribune

2002, a coincidence the skeptics were quick to point out:

"By any normal logic, the events of this week should halt the drive toward further European integration, and they should certainly drive home the point that it would be folly to hand over our currency," The Daily Telegraph said in an editorial Wednesday.

It was precisely to blunt those arguments that Mr. Blair sought to take the high ground over the commission, as well as the future direction of the Union itself. He was the first EU leader on Tuesday to demand that Jacques Santer leave the commission presidency as soon as possible and be replaced by "a political heavyweight."

"He's very cleverly and quickly moved to turn a potential problem into an advantage," said Charles Grant, director of the Center for European Reform, a London think tank. Mr. Blair will never win the votes to enter the euro if the perception persists in Britain that the EU is rife with corruption and nepotism.

Mr. Grant said.

On Wednesday, Mr. Blair welcomed the commission's announcement that it would not stay in office any longer than necessary, but declined to state his preference for Mr. Santer's successor, saying only that the EU leadership should "make sure it is the right person." Officials said

Britain was determined to resist the traditional EU horse-trading for top posts, in which nationality and party affiliation have often mattered more than ability.

Mr. Blair also called for major administrative reforms, including tighter controls over spending, more-transparent procedures for awarding contracts, and stricter accountability standards and disciplinary procedures for commission officials.

"This is the best and maybe only chance in the next few years to get this going," a senior British official said.

Britain has long pushed for administrative reform inside the EU, and Mr. Blair taunted his Conservative opponents on the issue, saying the previous Conservative government's open hostility to the Union had prevented it from winning allies.

But Mr. Blair's reform prospects remain unclear. Southern countries have traditionally regarded the commission as their best ally for maintaining the flow of EU farm and development subsidies to their countries, and the Spanish government has expressed its desire to see a largely intact commission stay until its term expires at the end of this year.

Indeed, Mr. Blair was criticized at home for insisting that the two British commissioners, Sir Leon Brittan and Neil Kinnock, be reappointed even as he demanded the resignation of Mr. Santer.

## A Proposal on Russia-Iran Nuclear Ties

*Moscow Offers to Curtail Links for End to Sanctions on Research Centers*

By Michael R. Gordon  
New York Times Service

MOSCOW — Russia has offered to curtail nuclear cooperation with Iran if Washington ends sanctions against two leading Russian nuclear research centers. Russia's Atomic Energy minister said in an interview.

The proposal came as Prime Minister Yevgeni Primakov prepares to travel to Washington next week for talks on security issues and to appeal for billions of dollars in credits from the International Monetary Fund. The aim of the Russian proposal is to remove a major irritant in relations with the West and unlock valuable contracts to Russia's hard-pressed nuclear institutes.

Senior U.S. government officials said that the atomic energy minister, Yevgeni Adamov, had presented the plan to American officials last week and that the two sides were trying to hammer out an agreement before Mr. Primakov's trip.

"It would help with the overall tone of our relationship," a senior administration official said. "Adamov is taking the initiative and appears to have Primakov's support. But we still have a paper to negotiate."

Mr. Adamov's proposal, made in an interview Monday, addresses one of Washington's main fears: that Russia

may expand its nuclear cooperation with Tehran. A similar agreement, Mr. Adamov said, could be worked out for Mendeleyev University.

A procedure would also be established to discuss future American-Russian disputes about the provision of Russian nuclear technology to Iran, according to Mr. Adamov's proposal.

But Russia would not abandon its plan to build nuclear reactors at Bushire.

Mr. Adamov said he had already instructed Nikiet to break its ties with Iran, although American officials said there were signs that the contacts were continuing.

Russian nuclear cooperation with Tehran is also a major concern of Israel.

The sanctions were especially embarrassing for the Russians since Mr. Adamov used to be the head of Nikiet.

Nikiet is really at the center of our concern," a senior American expert said. "It is the principal Russian entity that could provide assistance beyond Bushire, if we can address Nikiet, we have made a very significant step."

Mr. Adamov's plan, in theory, would do precisely that. Mr. Adamov said he wanted to sign a document in Washington affirming that Nikiet has cut off all contact with Iran. In return, the United States would lift sanctions

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## EDITORIALS/OPINION

## Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Tangled China Policy

Untangling the various strands of the Clinton administration's China policy will not be easy in the politically charged atmosphere that prevails in Congress on this issue. But it is essential that the multiple investigations now under way yield a dispassionate assessment of whether the White House was lackadaisical about protecting American security interests, and whether 1996 Clinton campaign fund-raising distorted policy-making.

The White House bristles at such speculation, but it has only itself to blame for the public concern that the Clinton re-election campaign may have infected the handling of China in improper ways. It may well be, as the White House insists, that the turn in China policy in 1996 from confrontation toward cooperation was scrupulously insulated from campaign activities. On such a serious charge, the White House deserves the benefit of the doubt unless hard evidence to the contrary is produced.

But the picture of potentially overlapping interests in 1996 bears review. Just as the Clinton campaign was eagerly accepting large donations from contributors who were linked to China or eager to do business there, the administration was rethinking its policy and fulfilling the first of several warnings that China might be stealing advanced nuclear weapons designs from the United States. Congressional leaders must coordinate the work of various House and Senate committees to look closely at this sequence of events.

There was good reason to reconsider China policy. Relations were rocky, and 1996 opened with a confrontation over Chinese threats against Taiwan. Tensions subsided, but both countries were shaken by the crisis, which included the dispatch of American naval forces to waters off Taiwan. The subsequent White House review of China policy, it is now clear, coincided with other developments that could have filtered into relations. American corporate executives with commercial interests in China were generously donating to the Democratic Party. Shady sources possibly linked to the Chinese government were making large contributions to the Clinton campaign.

—THE NEW YORK TIMES.

## Unfair to Immigrants

One of the shabbier stories of the past several years has been the U.S. government's whittling away of the rights of foreigners living legally in America. This campaign has been led by Republicans in Congress, but the Clinton administration has been complicit. The rhetoric has been aimed at illegal immigrants — criminal aliens, in the preferred phrase — but the victims in too many cases have been permanent residents and their American relatives, who have found themselves deprived of the most basic elements of due process and fair treatment. The administration, courageous in its defense of airline passengers and other such oppressed minorities, has risked little political capital on behalf of this particular group.

Congress opened the assault in 1996 with legislation aimed at accelerating the deportation especially of illegal immigrants who commit criminal offenses. Fair enough: people who enter the country illegally have no claim to remain, and if they break U.S. laws there is all the more reason to evict them. The new laws, along with more resources for and greater commitment by the Immigration and Naturalization Service, led to a doubling of the deportation rate.

But in seeking more rigorous enforcement, the legislation gratuitously took a swipe at innocent citizens as well. The laws greatly expanded the range of offenses for which even legal residents can be deported, to include minor theft and drug possession. Then they made the changes retroactive, so that people who had served their sentences and returned to law-abiding lives suddenly found themselves in danger of eviction. Finally, the laws removed practically all discretion, so that neither judges nor executive branch officials could make exceptions.

The results have been harsh indeed. Legal permanent residents who have been supporting families for a decade or more suddenly found themselves in detention, with no possibility of bail or appeal. Children adopted from foreign countries as toddlers have been shipped back to those countries as

—THE WASHINGTON POST

## Other Comment

## Britain's Atlantic Option

It would be logical for Britain to negotiate entry into NAFTA, which will probably be renamed and which is already negotiating with the European Economic Area and the European Free Trade Association, as well as with Chile. Such an expanding NAFTA would have every commercial advantage over the EU. It is based on the Anglo-American model of relatively restrained taxation and social spending. NAFTA, as its name implies, is a free trade area only. The United States will not make any significant concessions of sovereignty and does not expect other countries to do so.

The Anglo-American special relationship is both broad and deep. None of the Continental European countries has a particular affinity with the United States and Canada, or anything remotely comparable to Britain's dramatic modern historic intimacy with North America.

—Conrad Black, commenting in *The National Interest* (Washington).

## Herald Tribune

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## Food Sanctions Are Bad Policy, So Just Lift Them

By Stanley A. Weiss

PARIS — What parent has not, with at least some success, withheld candy until Jack cleaned up his room or Jill took out the trash? But modifying the behavior of a preadolescent is a far cry from changing the course of a country. That is what U.S. policymakers continue to try to do with food, which remains on the list of items that Americans cannot export to places like Iran.

Using food as a weapon usually backfires. Remember the grain embargo imposed by President Jimmy Carter in 1980 when the Soviet Union invaded Afghanistan? The Soviets did not change their policy; they simply switched suppliers and got their wheat from other countries. American farmers paid the price.

Even after the embargo was lifted, American farmers never reclaimed their share of the U.S.S.R.'s vast market. More than 18 years later, U.S. grain exports to the former Soviet republics still have not rebounded to pre-embargo levels.

Food sanctions too often miss their intended target and end up funding

closer to home — among America's struggling farmers, who have seen exports drop from \$59 billion in 1996 to a predicted \$49 billion for 1999.

Former Defense Secretary Dick Cheney said recently, "Our government sanctions-tappy [but] unilateral sanctions almost never work."

The exception is when a country has a strong monopoly on the sanctioned product. If, for example, the issue revolved around American biotechnology or composite materials, sanctions might have a chance, at least in the short term. But that is hardly the case with Iran's request for U.S. approval of a \$500 million cash deal to import wheat, corn, sugar, rice and other foodstuffs. The Iranians can easily acquire these products from other countries.

The United States has imposed sanctions 60 times in the last five years. American business is being shut out of more and more countries, leaving competitors to pick up the customers.

In the case of Iran there is a further irony. Proponents of food sanctions cite their concern for Israel's security, but Israel itself, despite well-founded fears that Iran constitutes a serious strategic threat, trades extensively with the Islamic Republic.

Jane's Intelligence Review puts Israel exports to Iran of agricultural equipment and water purification installations at \$185 million in 1997 and double that last year. Most of the contracts are maintained under European cover, but the Iranian, Israeli and American governments are well aware of what is going on.

The United States needs to develop a new trade policy with Iran, and the place to begin is with food. Why? Because America should not embargo food anywhere.

Selling grain to Iran would not put a penny in the pockets of its hard-liners, nor would it hamper Washington's anti-terrorist or anti-proliferation objectives. Indeed, it might help.

The United States quickly lifted its sanctions on food for Pakistan and In-

dia after their nuclear tests, while continuing to pursue its nonproliferation efforts with both countries. After a plea from Pope John Paul II, President Bill Clinton authorized the sale of food to Cuba. Even North Korea receives U.S. food assistance, as does Iraq through the food-for-oil exchanges.

The White House should declare that it will lift all sanctions on food. Washington should announce that it will no longer be U.S. policy to prevent food sales to governments with which it differs. It should then remove all current food sanctions that have been imposed by executive order. Mr. Clinton may be surprised by how quickly Congress follows suit and repeals legislative sanctions on food that are on the books.

In the grown-up world of international relations, using food as a weapon has all the effectiveness of a popgun.

The writer is founder and chairman of Business Executives for National Security, an organization of U.S. business leaders. He contributed this comment to the International Herald Tribune.

## EU Sideshow: The Commissioners Aren't the Problem

By Giles Merritt

B RUSSELS — So has the European Commission begun to turn the tables on its critics? By resigning on Tuesday en bloc, the 20 commissioners plunged the EU into an unprecedented crisis and highlighted the relative unimportance of the issues that prompted their resignations — administrative irregularities, rather than serious abuses of power.

The commissioners have in effect called on the national governments that appointed them to reappoint them for the remaining nine and half months of their five-year terms.

Next week the European Union must confront the fundamental question of how to finance enlargement of the EU and to reform of its controversial farm subsidies system. When the 15 national leaders meet in Berlin on Wednesday to discuss the budget deal that Europe badly needs, they will also have to focus on the aftermath of the commission's resignation.

By then, with the dust beginning to settle, it will have

become clear to the member governments that the EU's essential business of pushing forward the process of European integration risks being interrupted by a nonessential sideshow.

This is not, of course, how the European media are portraying the commission's resignation. News reports and editorial comment have favored the line that the commissioners were forced out of office because of the serious criticisms in a 148-page report by independent assessors who have been looking into allegations of fraud and mismanagement.

In truth, malfeasance has been greatly exaggerated — a few isolated cases of criminal fraud by junior officials and of nepotism by more senior people have been blown up into a picture of systematic corruption in the EU's Brussels-based bureaucracy. The commission is badly structured, arrogant, impervious to new ideas, complacent and resistant to change, but to pre-

vent it as some sort of banana republic is patently absurd.

The fact that these allegations concern only a tiny handful of people in a body of some 18,000 officials who administer almost \$100 billion in annual spending has been largely ignored in the media's rush to judgment. The commissioners are reaping the harvest of their inability, and in some cases unwillingness, to address the crucial problem of information and communication in a bureaucracy that often equates secrecy with power.

President Jacques Santer and his team apparently felt that the critical tone and language of the independent assessors report left them no choice but to resign after the report, they resigned over it. In doing so, they no doubt hoped to regain the initiative in the power struggle that is being fought out between the commission and its increasingly outspoken critics in the European Parliament.

The Santer commission's resignation has in any case shocked Europe into looking much more closely not just at the mismanagement allegations but also at the whole complex of problems that befall the EU. The loss of political control that the report reproaches the commissioners for results from the political weakening and the overburdening that the Brussels body has suffered over the last hands of the EU member states.

The interim commission emerges from the ruins of the Santer commission will almost certainly feature a high proportion of familiar faces; many governments will want to reappoint their commissioners, in part because they see the continuity of EU policies as a far higher priority than resolving a squabble between commissioners and parliamentarians. Also, they have no ready replacements to step in at short notice.

All the major players will doubtless have been rattled by this week's surprise turn of events. The European Parliament, which started it all, will have to show restraint and responsibility if it is not to suffer public opinion backlash for triggering a frivolous crisis over the sort of minor financial irregularities that its own members are so prone to.

The heads of government will need to demonstrate coolness and vision by concentrating in Berlin on the Union's budgetary difficulties, while underlining the importance they will be attaching to institutional reforms that would go to the heart of the current dispute. It is up to the member states to design a more democratic EU as well as a more efficient one.

The commission as a political institution is in a state of shock. It has been savaged by its detractors for reasons that are mainly pretext. But most senior commission officials also know that this crisis stems from the many genuine complaints that exist about Brussels's manner of conducting EU business.

International Herald Tribune

## Today's Americans Prefer to Mind Their Own Business

By William Pfaff

NEW YORK — The belief that Bill Clinton is the greatest of America's postwar presidents so far as foreign policy is concerned is the most astonishing, but probably least important, finding of the new national survey of U.S. public opinion issued by the Chicago Council on Foreign Relations.

The administration should take its cue from this partial judgment and stop trying to block resident aliens from exercising their most fundamental rights. It should stop trying to block judicial review of its decisions. And it should take the lead in urging Congress this year to restore some balance and proportion to its laws. Without interfering with the merited deportation of criminal aliens, it could return to all residents something that America once was known for — a fair hearing and a shot at evenhanded justice.

—THE WASHINGTON POST

cil's analysis notes, that people associate "the perceived absence of international crises affecting them with the successful handling of foreign policy."

The best foreign policy is when nothing much happens? This is not entirely unreasonable, and provides a key to understanding the rest of the survey, which shows a continuing high level of internationalist sentiment (so long as policy is relatively cost-free) but a decline in real internationalism commitment.

Sixty-one percent of the public favored an active U.S. international role. Asked whether the separately polled leadership group was larger this year than in any previous Chicago Council survey except that of 1990, when the Cold War had just ended.

The belief that President Clinton's foreign policy has been better than Harry Truman's or Dwight Eisenhower's (rated fifth and sixth) suggests that today's public knows little about recent history. It also indicates, as the Chicago Council poll was conducted from last Oct. 15 to Nov. 10.

The belief that Clinton's foreign policy has been better than Harry Truman's or Dwight Eisenhower's (rated fifth and sixth) suggests that today's public knows little about recent history. It also indicates, as the Chicago Council poll was conducted from last Oct. 15 to Nov. 10.

Asked whether U.S. interests are at stake abroad, affirmative answers were the lowest since 1978. As for taking unilateral

action against foreign threats, 72 percent said "no" and only 21 percent said "yes." (The rest didn't know.) Forty-four percent of the leaders said they would act unilaterally.

The public expressed greatest concern about Japan, Russia, Saudi Arabia and China. The countries toward which the public expressed the warmest feelings were, in order of ranking, Canada, Britain, Italy, Mexico, Germany, Brazil, Japan, Israel and France.

The divergence between popular opinion and that of the separately polled leadership group was larger this year than in any previous Chicago Council survey except that of 1990, when the Cold War had just ended.

Forty-nine percent of the public now opposes economic aid to other nations, but only 10 percent of the leadership. Sixty-seven percent of popular opin-

ion opposes further funding for the IMF, but only 16 percent of the leaders agree.

On questions of military intervention, 66 percent of the public opposed troop use if North Korea invades the South; 48 percent were against U.S. ground action to defend Saudi Arabia from an Iraqi invasion; 56 percent said they were against fighting alongside Israel against a hypothetical Arab invasion; 68 percent said they opposed joining Taiwan in a war against China. The leaders favored ground intervention in each case by, respectively, 75, 80, 71 and 52 percent.

The figures are significant as indicators of popular attitudes, but it is hard to believe that they would count for much should one of those military crises actually occur.

Overall, the responses demonstrate an indifference to foreign issues except when they seem to have a direct affect on domestic life. When people were asked to name the biggest national problems today, neither the public nor the leaders spontaneously named an international issue.

Both said the economy was an important problem, but without indicating that they saw it as particularly an international matter. The problems seen by the public mainly concern social issues (58.5 percent of the responses), problems of government (19.5 percent) and the economy (13.7 percent).

The leadership group also ranked social problems first (54.6 percent), but foreign is-

sues second (19.5 percent). The foreign problems named were Iraq, followed by the world economy, arms control, dealings with Russia, the Japan/Asian economic crisis, the Middle East etc.

When the general public was asked to name a foreign policy problem, 21 percent said they didn't know. Other responses included terrorism, the world economy, the balance of payments, the Middle East, and "getting involved in the affairs of other countries" (7 percent). These, except for the Middle East, are all disguised expressions of domestic worries.

The most important conclusion that follows from this survey is that while America's leaders are internationalist and ambitious, the public is nominally internationalist but in practice fundamentally isolationist.

The foreign policy establishment's enthusiasm for exotic threats from free-lance terrorists and "rogue nations" finds an echo in public concern over nuclear proliferation. But next on the public's list of worries come the drug trade and protecting U.S. jobs.

The public's preoccupation with domestic affairs (only 29 percent are "very interested" in other countries) is an unsurprising product of the times, which are seen as generally unthreatening. The portrait that the survey paints is of a peaceful American people who would prefer to mind their own business.

International Herald Tribune,  
Los Angeles Times Syndicate.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1899: Hawaii Princess

SAN FRANCISCO — Advocates received from Honolulu state that Princess Kaiulani, who had been suffering from rheumatism of the heart, died on the 8th of this month. Princess Kaiulani was a niece of Queen Liliuokalani and would have succeeded to the throne if the Hawaiian Islands had not been annexed to the United States.

And last Saturday Mr. Hagel was a featured speaker in Washington at a Tripartite Commission meeting, where he stressed to the internationalist group the importance that global issues will have in the coming campaign, in part because of world economic turbulence:

## OPINION/LETTERS

## Africa's Hopes Rest on Nigeria's Transition

By C. Payne Lucas

WASHINGTON — Any one wishing Africa well would be anxious to see Nigeria's continuing transition to democracy succeed. For all of Africa, the stakes are enormous.

More than any other country in Africa, Nigeria has both the means and the will to play the leading role in the continent's stability.

In the past decade, Nigeria proved itself willing and able to bear the brunt of peace-keeping operations in Guinea Bissau, Liberia and Sierra Leone. A stable and democratic Nigeria, served by a professional army that subjects itself to civilian authority, can do more than any other country to save Africa's people the enormous cost and human toll of constant conflict.

In spite of the terrible economic beating their country has taken in many years of military misrule, Nigerians still represent a large pool of brilliant and highly trained people. It can reasonably be said that without Nigeria, political and economic progress in Africa cannot go far.

In conversations with Nigerians, one gets the sense that this current round of transition is probably the last chance to get things right. Many believe that either their country gets it right this time or the world might witness tragedy that could prove to be far worse than the catastrophic Nigeria.

Biafra war of the late 1960s. As we saw with the tragedy in Rwanda, it makes a lot more sense to play an active conciliatory role before things get out of hand than to engage in guilt-ridden soul-searching after irreversible damage has been done.

Nigeria's transition, however imperfect, is on course.

**Without Nigeria, political and economic progress in Africa cannot go far.**

But Nigerians will need plenty of support from the West in the next five to 10 years, especially with the collapse in the price of oil, the country's unpredictable and still powerful military, and the continuing unrest in the oil-producing Niger Delta.

The United States and its allies must remain engaged in Nigeria well beyond the scheduled handover to an elected government on May 27. They must encourage the government and people of Nigeria to respect the rights of all citizens, whatever their ethnic and religious backgrounds and in whatever part of the country they might live.

lysts believe has been stolen from the Nigerian people in the past 28 years — is still hidden in banks in Europe and the United States.

It may not be wise or practical to expect the next government to take on the potentially disruptive task of trying to prosecute all those who stole enormous sums. Such a move is likely to upset the restive military. The president-elect, Olusegun Obasanjo, is himself a retired general who understands how dangerous angry military officers can be for Nigeria's stability.

Nigerians have paid a high price for the extensive dishonesty in their government all these years. The era that ended with the death of the dictator General Sani Abacha in June was the worst in a trend that previously seemed as bad as it could possibly be.

Just last week, the transitional military government announced that some of the more than \$700 million recovered from the Abacha family and its cronies would be put back in the nation's

dangerously low foreign reserves, and another portion distributed to states and local governments for badly needed services.

In the less than five years that General Abacha was in power, at least \$5 billion is known to have been stolen from the public purse. A lot of that money — and possibly as much as \$30 billion that ana-

## A Brave Old World: Life Begins at 140

By Daniel Kevles

PRINCETON, New Jersey — The prospect of hyper-elongated life spans is tantalizing, not least to one's curiosity. If Thomas Jefferson, who was born in 1743, had lived to be 200, he might have been spared by half a century the DNA analysis of Sally Hemings's descendants, but he would have seen automobiles and airplanes, not to mention two world wars. What might a 200-year-old born today even be?

For some biologists, such questions no longer sound like science fiction. Having extended the life spans of fruit flies, nematodes and mice, they now believe it is only a question of when they will be able to do so for humans.

If the results obtained with the lower organisms indicate what is in store, the normal human life span will eventually be more than double, extending up to perhaps 200 years. And even at nine score and ten, people will remain pneumatic and supple, able to bound from Exercycle to jogging path without losing a breath.

But a longer-lived mouse will not necessarily make us into Methuselahs. The actuality of the technical future usually lies in the details.

Long before the discovery of nuclear fission, scientific visionaries predicted that the energy trapped in the atom would one day be released, so that great ocean liners could cross the Atlantic powered by the atoms in a single glass of water. Those predictions ran afoul of the gritty technical details of generating nuclear power, including the realities of reactor safety, nuclear waste disposal and the po-

tential for human operating errors. It seems even more hazardous to start making rosy predictions about a society of gym-buffed bicentenarians. At least one huge detail remains unaddressed: whether the 200-year-olds' mental powers will match their physical ones. And even on the purely

## MEANWHILE

physical front, the few clues at hand are not very encouraging. Compared with their normal brethren, the long-lived mice are small and fat; the ancient fruit flies do not seem able to reproduce until they are well past the usual age of fly-bearing.

The genes for longevity, like all genes, are probably imbedded in an integrated conglomerate, the sort of self-regulating system that keeps cells cooperating with each other and organs functioning in their place. Maybe the genes controlling aging can be jiggered independently so that the jiggling does not mess up anything else. But maybe not. Tomorrow's children might be genetically engineered to live longer, but they might also be short, fat and unable to bear children until they are much older than they would like.

And forestalling death would inevitably worsen many of the social ills that already loom. It would increase population, further burdening the planet — and might well create a generation gap of titanic proportions. It is unlikely that the procedure for

slowing down aging would be available to everyone. Some biotechnology company would no doubt patent the relevant genes, or the procedures for deploying them, or both, and then charge whatever the market would bear, which would likely be almost anything.

It is difficult to imagine the government authorizing Medicaid to provide poor people with the genes for living an extra century or two. It is equally difficult to envision your friendly health maintenance organization offering the genetic enhancement, since if you live longer, you will further burden its services and tax its profits. Those who can pay for the technology will get it, and those who can't — much of the population — will not.

In "Brave New World," Aldous Huxley's dystopia of Alpha elites and Delta drones, people are engineered to possess at 60 the powers they had at 17. A World Controller explains, "Now, such is progress — the old men work, the old men copulate, the old men have no time, no leisure from pleasure, not a moment to sit down and think."

Whatever tomorrow's 200-year-old men and women would do with their time, one outcome seems certain. They would be an elite in a two-tiered society: the Alphas, long-lived by virtue of their affluence, and the numerous Deltas who support them, still bound by the diminishing capacities of aging, and by the biblical three score and ten.

The writer, author of "The Baltimore Case," is visiting professor of bioethics at Princeton University. He contributed this comment to The New York Times.

## LETTERS

## "Zero Faults" Military

Regarding "A Military Culture Where No One is Held Accountable" (Opinion, March 13) by William Pfaff:

Mr. Pfaff is correctly concerned about potential inattention of risk in the U.S. military. He is misinformed, however, about the bombing in Saudi Arabia in 1996, where the U.S. Air Force commander's career was ended despite his having implemented extensive procedures recommended by an outside security review before the attack.

The commander was quite competent to deal with base security and he did so, but the attackers succeeded nonetheless. This was a classic example of "old school" commander accountability as described by Mr. Pfaff, for better or worse. In this case, some thought the action against the commander represented accountability, while others sensed the scapegoatism that encourages risk intolerance.

The impression of a "zero faults" culture in the U.S. military is widespread, although its relation to the end of national military service as suggested by Mr. Pfaff is unclear at best. My experience as a fighter squadron commander in Europe was different: I was rewarded rather than punished for taking constructive risks, ranging from tactics in "graded" exercises to new systems in Bosnia, despite my failure to achieve a zero-faults record.

Risk aversion that saves lives in the course of accomplishing the mission is a commander's responsibility. A given risk looks different to the one who writes the letters to the next of kin, but Mr. Pfaff is right to warn of the equally grave long-term consequences of risk intolerance.

Moreover, U.S. engagement abroad, with its goals of shaping the security environment and preventing or minimizing crises, depends upon its being conducted at a cost, human and financial, deemed acceptable by the American public. This pressure, combined with the real risk to American lives, is much more important than changes in military culture in driving the current emphasis on force protection, and it affects State Department embassies as well as military operations.

JOSEPH R. WOOD,  
Paris

The writer is a lieutenant colonel in the U.S. Air Force.

A Marine Corps pilot who needs an altimeter to tell him he is flying at 300 feet and a map to inform him that Alpine valleys have cable cars? In addition to a presidency without honor, the United States now has a military without shame.

JAMES SWETNAM,  
Rome

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## INTERNATIONAL

## 40 in Kosovo Were Victims Of Massacre, Study Finds

By R. Jeffrey Smith  
Washington Post Service

ROME — An independent forensic study of the killings of 40 ethnic Albanians in the Kosovo village of Racak in January has found that the victims were unarmed civilians executed in an organized massacre, some of them, according to Western sources, forced to kneel before being sprayed with bullets.

The findings by Finnish forensic experts, whose report was released Wednesday in Pristina, the capital of Kosovo province, contradict claims by officials of the Serb-led Yugoslav government that the dead were armed ethnic Albanian separatists or civilians accidentally caught in a cross-fire between government security forces and separatist rebels. Western officials have blamed the government police for the killings.

Because of the extreme sensitivity of the case, leaders of the European Union, which sponsored the inquiry, had asked the forensic team to withdraw from the press and public some of its most potentially inflammatory findings, according to official sources.

The request, they say, was made out of concern that the results would further polarize the two sides in the Kosovo conflict and impede the Belgrade government's acceptance of a peace agreement for the Serbian province at talks under way in Paris.

One Western official said the German government, which holds the rotating chairmanship of the European Union, had ordered the Finnish team not to release a summary of its investigation, which includes details about how some of the victims appeared to have died. Instead, at Bonn's request, the team agreed to release only the voluminous summaries of autopsies it helped conduct on bodies of the victims.

The killings on Jan. 15 at Racak, an ethnic Albanian village southwest of Pristina, outraged the world and became a turning point in the yearlong conflict between security forces and the Kosovo Liberation Army, the main ethnic Albanian rebel group fighting for Kosovo's independence from Serbia, the dominant republic in the Yugoslav federation.

NATO leaders condemned the killings at the time and renewed their threat to carry out punitive air strikes against Yugoslav military targets. Days later, both sides in the conflict agreed to take part in peace talks in France sponsored by the United States, Russia and four-West European nations.

The forensic team's investigation, based on an examination of evidence at the site and autopsies conducted jointly with Yugoslav government pathologists, determined that 22 of the victims were slain in a gully on the outskirts of Racak, precisely where their bodies were found on the morning of Jan. 16. The gully is so narrow that these victims could only have been shot deliberately at close range, the sources said.

[On Wednesday, Helena Ranta, head of the Finnish team, told journalists that the killings were "a crime against humanity," though she declined to use the word "massacre," saying such terms were outside her mandate. Reuters reported from Pristina. Miss Ranta said it was up to appropriate legal bodies to carry out a follow-up investigation. But she said there were no indications that the people were anything other than unarmed civilians and there was no sign of tampering or fabrication of evidence.]

Although the bodies of some other victims in the village were moved into homes or a mosque before international observers arrived, the forensic experts were able to determine where all but four of the 40 victims had died.

From the pattern of the bullet wounds on their bodies and other evidence — such as their civilian clothing and possessions — the team found no reason to conclude that they were killed accidentally or were members of the Kosovo Liberation Army, said the sources who asked not to be identified.

Western officials say the team found that the angle of the bullet wounds in the victims' bodies was consistent with a scenario in which some of them were forced to kneel before being sprayed with gunfire from automatic weapons. This "spray pattern" finding is among the sensitive details of the report.

Wounds on the bodies of some other evidently suggest they were shot while running away, the sources said.

[In Pristina, Miss Ranta denied that there was a conclusion that some of the victims were forced to kneel before they were shot. The Associated Press reported.

[If we want to speculate about what happened, we would be speculating for days," she told a news conference.]



Milan Multinovic, the president of Serbia, gesturing Wednesday as he arrived at the Kosovo peace talks in Paris.

## Serbs Seen Preparing Big Military Push

By Peter Finn  
Washington Post Service

PRISTINA, Yugoslavia — A two-week offensive by government forces against ethnic Albanian rebels in northwestern Kosovo appears designed to clear a critical rail link for transporting heavy military equipment deeper into the separatist Serbian province, according to Western officials.

The bombardment of ethnic Albanian villages in the foothills of the Cicasica Mountain range along a main north-south road began after the killing of two Serbian civilians and the kidnapping of a Yugoslav soldier two weeks ago.

But what at first seemed like a military push to exact revenge has taken on a strategic dimension. Western officials

said Serb-led Yugoslav forces moving south have shelled low-lying villages, displacing as many as 21,000 civilians in a swath of territory at the base of the mountains.

But the troops have not pushed into the heart of mountainous areas held by the Kosovo Liberation Army, the main rebel group fighting for Kosovo's independence from Serbia, the dominant republic of Yugoslavia. Instead, officials said, they appear to be establishing a buffer around the rail link.

The value of the rail line, which runs through Kosovo to the Macedonian border in the south, became more apparent Tuesday when the Yugoslav army moved seven Soviet-designed T-72 tanks to the village of Kosovska Mitrovica, 40 kilometers (25 miles) northwest of

Pristina, the provincial capital, officials said. Western officials said they were the largest tanks yet seen in Kosovo.

"This is rail and route clearance," said one official. "and they may also be testing the threshold of Western tolerance for their actions."

The NATO allies no longer seem sure how much they will tolerate, the official said, pointing out that a cease-fire agreement reached in October that specified limits on government military action against Kosovo civilians was in tatters.

Over the past three weeks in Kosovo, government forces have openly moved heavy military equipment, including tanks, shelled civilian areas and restricted the movements of Western monitors — all clear violations of the cease-fire agreement. Villages along the rail line were in flames Tuesday, and heavy gunfire could be heard in the distance.

In the village of Priluzje, armed Serbian civilians drinking beer described the noise as "a little thunder."

Nearby, the villages of Glavotina, Strovec and Bencuk were burning. And just northwest of Pristina, near the town of Obrilic, there were reports of heavy shelling as the government military advanced — tracking the rail line — moved steadily closer to Pristina.

Ethnic Albanians accused security forces of looting villages abandoned by frightened residents. Humanitarian organizations said the flood of refugees in areas northwest of Pristina was at its highest level since last summer, when government forces launched broad military assaults on rebel positions.

"They are trying to get the most strategic points in Kosovo," the Kosovo Liberation Army commander, Sylejman Selimi, said in an interview. "They are preparing for NATO."

## KOSOVO: NATO Renews Threat to Serbia

Continued from Page 1

An adviser to the Albanian delegation said that most of them were eager to get back to Kosovo as soon as possible, in view of reports that Mr. Milosevic has moved 30,000 to 40,000 troops into or close to Kosovo, defying an agreement he had made in October to pull most of his military and police forces.

James Rubin, the spokesman for Secretary of State Madeleine Albright, arrived in Paris on Wednesday and said that she had invited the Kosovo Albanian leaders to Washington after they signed the agreement and the talks end.

Mrs. Albright got the Albanian delegation to accept the accord in principle when the first phase of negotiations in Ramboillet ended Feb. 23, but they asked for time to consult with local military commanders in Kosovo before actually agreeing to sign.

"The Serbs continue to have problems with the political part of the agreement and are not prepared to discuss issues of implementation," said Wolfgang Petritsch, the European Union mediator in the talks, at the end of the third day of the talks Wednesday.

The United States, Britain, France, Germany and Italy, co-sponsors of the talks with Russia, say that the NATO peacekeeping force is an indispensable part of the 81-page draft accord.

If the Serbs remain opposed, or if the fighting significantly in coming days, the allies would probably not be ready to take action for at least a week, according to officials in Brussels.

The 400 American and British warplanes would not begin striking until after diplomats had been evacuated from Belgrade, the capital of Serbia and what remains of Yugoslavia, and 2,000 civilian cease-fire observers had left Kosovo, officials said.

After that, probably next week, NATO's secretary-general, Javier Solana Madaraga, could order a blitz against selected Serbian military targets by American cruise missiles launched from ships off the Balkan coast in the Adriatic. Depending on Mr. Milosevic's response to those strikes, Mr. Solana could then order a phased bombing campaign to destroy most of Serbia's ability to shoot down allied warplanes with ground-to-air artillery and rockets.

Allied diplomats hope that the threat of further destruction would be enough to get Mr. Milosevic to accept the accord. About 26,000 peacekeepers will deploy throughout the province to oversee the disbanding of the Kosovo Liberation Army, make sure that Serbian police and military forces now attacking civilian areas withdraw to selected areas and, within a year, leave the province altogether, and provide security while the Albanians take responsibility for their own affairs.

Western officials say the team found that the angle of the bullet wounds in the victims' bodies was consistent with a scenario in which some of them were forced to kneel before being sprayed with gunfire from automatic weapons. This "spray pattern" finding is among the sensitive details of the report.

Wounds on the bodies of some other evidently suggest they were shot while running away, the sources said.

[In Pristina, Miss Ranta denied that there was a conclusion that some of the victims were forced to kneel before they were shot. The Associated Press reported.

[If we want to speculate about what happened, we would be speculating for days," she told a news conference.]

## EUROPE: Fraud Crisis Divides Continent Between Quick-Fixers and Radical Reformers

Continued from Page 1

long had rhetorical advocates in the EU. This position often clashes with the fact that Europe's promise is seen at varying angles by member countries.

The crisis this week drove up the fever chart in northern European countries much more sharply than in their partner nations along the Mediterranean. Northern nations, mostly donors, expressed shock about the lax supervision in the spending of their funds. But beneficiary countries, whose economies are confused with European largesse, were noticeably less exercised about better auditing.

The political inertia that often dilutes Europe's response to a crisis seemed to be foreshadowed in other discordant reactions. Reform calls, trumpeted by the media, aroused only a muted echo

among politicians, trade unions and party officials, who know from experience how hard it is to get a consensus on action among member states.

For those with this mindset, a radical change in political habits is a utopian illusion, and the maximum possible is a quick institutional fix. EU governments, technically not guilty in the commission scandal, do not want the debate to extend to their responsibility for abdicating to Brussels on crucial points in European integration, as a way of limiting accountability and side-stepping democratic debate.

Now change, albeit hesitant, seems certain. Elections for the European Parliament election occur in a few weeks' time, by coincidence, and the scandal

could galvanize the lusterless campaign. Already, the Parliament's unexpected assertion of authority fits a historical pattern of democracy's emergence.

Inevitably, the commission's powers will contract and more initiative will shift to member states' elected heads. This quest for democratic legitimacy seems bound to gain strength as traditional national sovereignty passes to European institutions. The paths this change will take are not self-evident, as demonstrated by the uncertainty and political turbulence surrounding the European Central Bank, set up to manage the single currency.

Similarly, Mr. Blair noted last week in talking of EU defense reform that there would be "no role for the commission."

## SCANDAL: 6 Olympic Officials Expelled

Continued from Page 1

down to 104. Its leadership remains intact, however, and on the first day of this emergency session, the members made it clear they wanted Mr. Samaranch to continue as their president in a vote of confidence that Mr. Samaranch won by a vote of 86 to 2, with one abstention.

In his speech before the vote of confidence, which was conducted by secret ballot, Mr. Samaranch said he intended to stay in his position until his fourth term expires in 2001.

"We had to remove all the doubt, and now there is no more doubt," said Jacques Rogge of Belgium, an IOC executive board member. "Mr. Samaranch has been totally confirmed."

Mr. Samaranch opened the session, which was conducted behind closed doors, with a speech in which he told the members that "there has been no crisis of this magnitude faced by the IOC and the Olympic movement." He then accepted responsibility for the "development of this crisis" and sketched out proposals for reform, which include the creation of an ethics commission and the adoption of a new selection process for the 2006 Winter Olympics.

Mr. Samaranch also proposed the creation of a commission with a broad mandate to examine the IOC in depth and make recommendations on everything from changes in the selection process for IOC members to the way the next Olympics should evolve in the next millennium to the distribution of revenue within the Olympic movement.

The group would be composed of between 20 and 24 people, half of them IOC members and half of them "leading personalities who know and understand sport." Mr. Pound later said that if the IOC membership approved the creation of the commission, which would be called IOC 2000, it would hope to have a preliminary report in time for the next IOC meeting in Seoul in June and a final report in time for another extraordinary session that is expected to be called before the end of the year.

"We're starting to deliver on what we said from the beginning of this crisis: that we will put our own house in order," Mr. Pound said.

The question is whether the renovated house will be orderly enough to discourage further action by critics.

Next month in Washington, the Senate Commerce Committee holds hearings on the Olympic scandal. Senator John McCain, the Arizona Republican who is chairman of the committee, said in a letter this week to the senior Olympic official in the United States that "the demand for Congress to act will be irrepressible" unless the IOC adopts reforms.

### Tensions Run High

On the eve of the meeting, three of the figures at the center of the corruption investigation were involved in a bizarre scene at the committee's headquarters. The Associated Press reported.

Kim Un Yong, a powerful executive board member under investigation in the case, struck a martial-arts pose amid a shouting match with the IOC's top administrator Tuesday, witnesses said.

Mr. Kim, a South Korean, and Francis Carrard, the IOC director general who is Swiss, exchanged heated words on a terrace during a break in a board meeting, according to witnesses who spoke on the condition of anonymity.

Mr. Kim also had a confrontation with Mr. Pound. Mr. Kim was given a severe warning in Mr. Pound's report, but Mr. Pound said he could be expelled if evidence surfaced that he knew about a job for his son that was bankrolled by Salt Lake City. At one point, the witnesses said, Mr. Kim, the president of the International Tae Kwon Do Federation, crouched in a *tae kwon do* stance, sending Mr. Carrard running from the terrace at Chateau de Vidy yelling, "I quit!"

Mr. Pound, a former swimmer from Canada, then stepped toward Mr. Kim, saying, "Calm down. Calm down," according to the witnesses.

Mr. Carrard confirmed on Wednesday that there had been a "minor incident" involving Mr. Kim. Smiling, he pronounced himself, "physically, very fit."

## A 2d Iraqi Flight Breaks UN Ban

Reuters

RIYADH — A second Iraqi plane carrying more than 100 Muslim pilgrims landed Wednesday in the western Saudi city of Jidda in defiance of a UN flight ban.

An airport official said only that the plane had arrived safely. The Iraqis joined a stream of thousands of Muslims who have arrived by air, land and sea for the annual hajj pilgrimage to Mecca.

The Russian-built Ilyushin-76 carried 111 pilgrims. Another Iraqi plane carrying 110 pilgrims, including Iraq's endowment and religious affairs minister, Abdul Munim Ahmed Saleh, arrived in the kingdom Tuesday. They broke the ban on flights imposed on Iraq after its 1990 invasion.

Some 2 million pilgrims are expected in Saudi Arabia for this year's hajj, a pillar of the Islamic religion.

About 18,000 people gathered on Iraq's border with Saudi Arabia on Wednesday to make the journey across the desert to Mecca.

A Ministry of Culture and Information official said Baghdad had asked the United Nations committee to lift international sanctions on Iraq to allow it to draw \$2,000 per pilgrim from revenues of its so-called oil-for-food program with the United Nations.

"But the sanctions committee has instead followed a policy of procrastination and delayed the legitimate Iraqi demand," the official said.

The UN committee abandoned efforts on Tuesday to work out a plan to enable up to 22,000 Iraqi pilgrims to make the annual pilgrimage to Mecca without breaching the sanctions.

## CHINA: Opposition to Dam

Continued from Page 1

Xinhua reported Wednesday that the project was "facing certain difficulties in financing." It is \$3 billion short of the \$9.7 billion needed for the second phase of the construction, set to be completed in 2003.

To meet the shortfall, officials are seeking loans from Chinese banks and are planning domestic bond issues, the report said. They also hope to raise \$600 million in unspecified stock offers.

The government estimates the total cost of the dam will reach \$24.5 billion by the time it is finished in 2010.

Two articles appeared in the People's Daily on the same day last month identifying other problems with the project. The first report quoted officials from the Chongqing resettlement bureau as saying that a "land shortage problem has emerged." Local areas do not have the capacity to accept the farmers being moved from the dam's flood plane, the article said, and efforts to find land elsewhere have not yet begun.

The other story said dam officials had massively underestimated the number of cultural relic sites endangered by the project. Originally, about 100 archeological sites were identified, and \$35 million was budgeted for their removal. But by 1996, 1,283 relic sites had been confirmed, and scholars said they needed \$234 million to excavate them.

The idea to dam the Yangtze stretches back to the early 20th century and the first president of China, Sun Yat-sen. In the 1930s, American engineers, when massive public works projects were the rage in the United States, advised China on its potential. After the Communist revolution, the dam became an obsession of some Chinese engineers, imbued with the Communist belief in the ability of man to harness nature.

Mr. Li firmly backed the Three Gorges in the early 1990s, partially as a way, his critics claim, to leave behind some legacy other than his reputation as one of the main architects of the crack-down on the Tiananmen Square pro-democracy protesters in 1989.

The project is full of superlatives. It will have one of the highest ship elevators in the world, 113 meters from top to bottom. It will have one of the biggest reservoirs in the world, spanning more than 650 kilometers. When it is finished, the dam is supposed to generate 18,200 megawatts of electricity, the most produced by any dam. It will span more than 2,000 meters from bank to bank of the Yangtze, and will rise more than 180 meters above the current river bottom. But the dam will also force at least 1.8 million people to leave their homes.

## The MACRO View

Coming-of-Age  
In Cyberspace

By Phil Agre

SOMETIMES in the fourth quarter of 1998, cyber hype went out of fashion. The Internet, once excitingly strange and new, has become an everyday tool.

A repertoire of fears — privacy, equity, censorship, intellectual property — has become familiar if not necessarily resolved. Whole generations of visionary business plans have failed. And the Internet stock bubble has become genuinely dangerous. It's time to stop and assess. What exactly happened during the cultural frenzy of the last five years? And what happens next?

The growth of the Internet has been similar to the adoption of many other technologies, such as radio and the telephone. In each case, the long, slow work of researchers and hobbyists reached the mainstream once the necessary infrastructure became available and manufacturing achieved economies of scale.

Once such a technology achieves a critical mass of users, it quickly becomes more attractive to everyone. Thus the recurring episodes of explosive growth.

Yet despite their regularity, all of these historical episodes feel radically novel to the people who live through them. Every important technology creates an imaginative vacuum. A society can pour its profoundest hopes and fears into the millennialist excitement of that vacuum, and the technology will make them all seem new.

The Internet's millennium is cyberspace: a promised land of digital information that transcends the physical world and brings peace, prosperity, and freedom. But reality, we are learning, is more complicated than the simple promises of cyberspace.

The Internet is an ideal medium for a global civil society, but it also makes the public sphere easier to monitor and regulate. The Internet supports the construction of efficient new market mechanisms, but it also amplifies the economies of scale that lead to industrial concentration. The Internet enables concerned citizens to mobilize for privacy protection, but it also facilitates the traffic in personal information.

Furthermore, many of the received truths of cyberspace have turned out to be wrong.

For example, the digital realm was supposed to transform our lives into a disembodied "virtual reality." But,

Continued on Page 14



## The PC: At a Crossroads

## Where Should Future Computing Be Done?

By Mitchell Martin

NEW YORK — Your next home computer — or the one after that — might be a box in your basement that acts as a 24-hour valet, anticipating your needs and desires and working with other machines around the world to fulfill them.

This view emerged as a likely outcome when leading hardware and software makers were asked what a personal computer would look like five years from now.

In general, most companies talked their own games, predicting changes that would be beneficial to their current products. Still, they make the goods and provide the services, so what they will be offering in the coming years is what you will be able to buy.

The idea of a home server, as the basement box could be called, was championed by Sun Microsystems Inc., which is coincidentally makes servers as well as the Java programming language and the new Jini networking technology that provides a way for computers to find other kinds of appliances via the Internet.

But the concept was supported by other companies. At International Business Machines Corp., which is active in a broad range of computer sectors, "our view is really that the PC itself is going to continue to run the kind of personal productivity you see today, but it is also going to be the control point for other devices," said Phil Hester, chief technology officer of the company's personal systems group.

"The challenge for individuals is to bind all this

information and present it to them in a way that is a lot more user-friendly."

One way it could be friendlier is if you did not have to spend all your time in front of the computer. "Think of something as mundane as an alarm clock," Mr. Hester said. "The technology inside has changed a lot in the last 100 years, but you still go to bed, set the alarm, and unless somebody sneaks in and changes it or the power fails, it's going to go off in the morning."

Which is fine as far as it goes, but what if you are flying somewhere the next day? "A lot of things could happen: traffic, bad weather, flight delays. Why should you find that out at 5 A.M. when your PC could find it out for you and reset your alarm clock?"

What that would require is a device that is always on and that can independently interface with other computers that would tell it what the weather and traffic were like and whether the plane was delayed on its trip in time.

Whether that device is a PC at all or just an alarm clock that can talk to the Internet is a matter of debate. The question is where the computing gets done, and the answer has profound ramifications for companies that make computers, write programs and offer Web-based services.

Oracle Corp., which specializes in database programs that are widely used in big companies and for many Internet applications, has taken the most radical stand among the big companies.

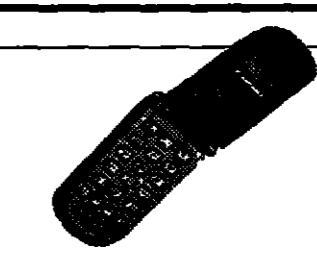
In August 1995, its chairman, Lawrence Ellison, presented the idea of the network computer, which

Continued on Page 13

## INSIDE

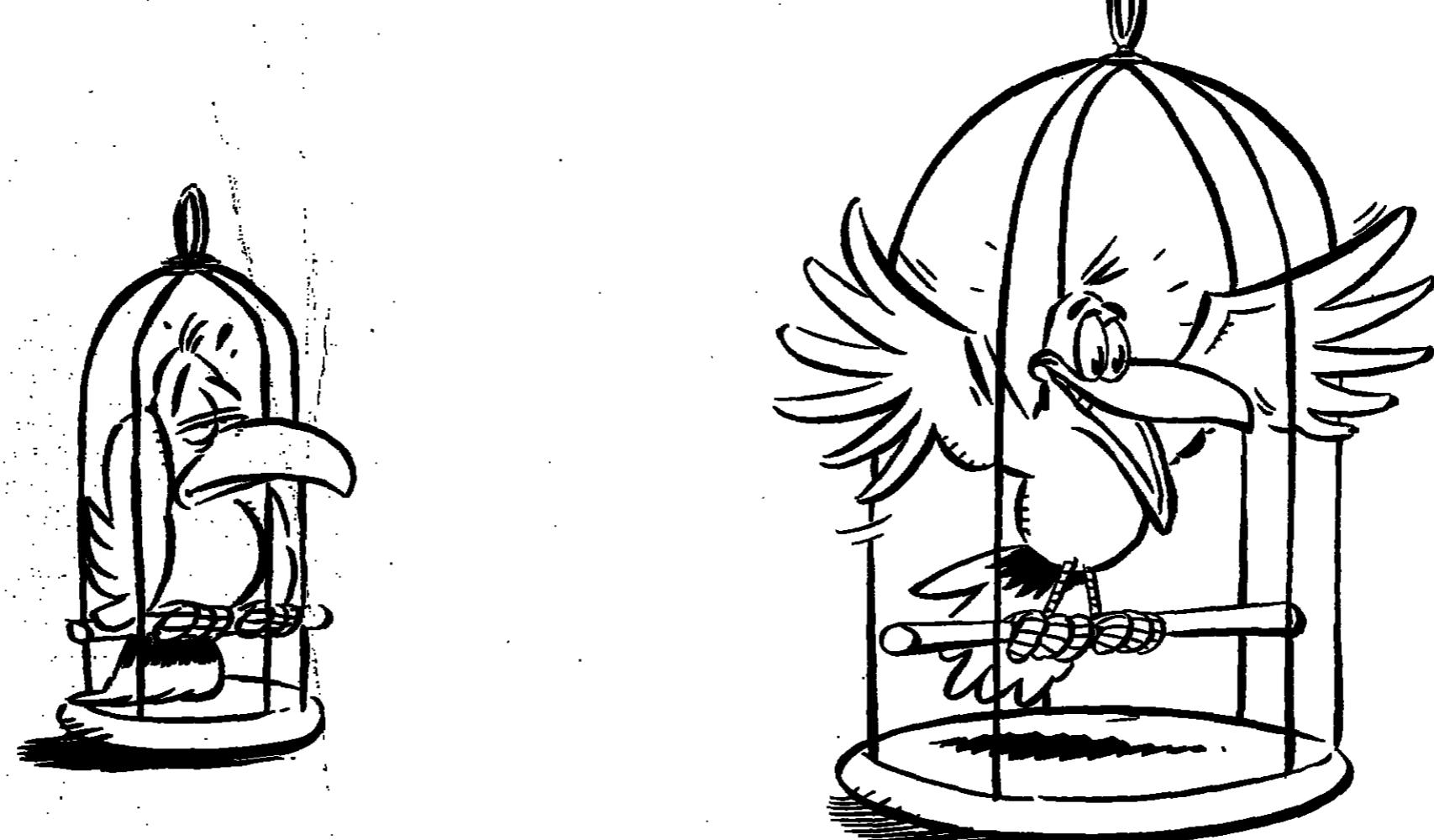


Europeans are teaming up to try to provide more local content on the Internet. *Page 12.*  
Will the fuel cell seriously challenge the internal combustion engine? *Page 10.*  
Mobile phone roaming far and wide gets easier every year but not cheaper. *Page 10.*



China is transforming from a traditional economy to a modern economy. *Page 15.*  
Taiwan aims to move into the top niche of the world's technology food chain. *Page 15.*

## IN GLOBAL COMMUNICATIONS, STANDARDIZED SOLUTIONS DON'T FLY.



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# Can 160-Year-Old Invention Transform Motor Vehicles?

By Brad Spurgeon

**P**ARIS — Over the last five years, the search for a clean, efficient alternative to the internal combustion engine has moved out of the scientific laboratory and toward commercial reality. Oddly, the technology most likely to revolutionize the family car is a 160-year-old electrochemical invention called a fuel cell.

"It has taken over a century to commercialize the technology simply because we're getting better all the time at things electrochemical," said Robert Rose, executive director of Fuel Cells 2000, a private nonprofit advocacy group in Washington. "You might argue we're approaching the electrochemical age. It's almost like a choir out there now where CEOs of major automobile and oil companies are saying, 'The era when we burned fuel for energy is coming to an end.'"

A fuel cell is a portable electricity-generating power plant similar to a battery, but that does not require recharging. As long as it receives its fuel — hydrogen — it produces electricity through a process that does not require burning, and so produces no dirty emissions. In fact, the only emission is water.

It was partly a growing public concern for the environment that spurred this movement to do away with the modern city's greatest pollution scourge: the internal combustion engine. The more than 700 million global motor vehicle fleet emits hydrocarbons, nitrogen oxides, lead particles and is generally responsible for more than 90 percent of the carbon monoxide emissions in the world's cities. But it was when the government of California passed legislation in 1990 (and confirmed last year) that by 2003, 10 percent of new cars must be zero-emission vehicles, that big business suddenly took notice.

Daimler bought the cells from Ballard Power Systems Inc., a small Canadian company that in 1993 had powered a 20-passenger bus with a fuel cell. Ballard proved it could create sufficient power density to fit a fuel cell into a car.

But the race really began in the spring of 1997 when Daimler formed an alliance with Ballard — later joined by Ford Motor Co. and Royal/Dutch Shell Group — and announced a production of 40,000 fuel cell cars per year by 2004, and 100,000 by 2005. Their current investment is estimated at \$725 million.

"That changed the fuel cell debate from one about development to one about commercialization," Mr. Rose said.

Subsequently, nearly all the leading car manufacturers announced similar plans to produce, by 2003 to 2005, fuel cell cars as part of the world's 55 million new cars made annually. General Motors, Chrysler (which later merged with

While many automobile companies already offer electric cars, they have a low range, low speed and acceleration and their heavy batteries take ages to recharge.

The fuel cell car — which is an electric car with a generator on board instead of a battery — seems to provide the answer, said Marcus Nurdin, managing director of World Fuel Cell Council, a Frankfurt-based association of fuel cell makers and users. "But it was specifically the presentation by Daimler-Benz of the NECAR 2 in Berlin in 1996 that shook the automotive world," he said.

The NECAR 2 (New Electric Car) was a multipurpose vehicle with fuel cells powered by pure hydrogen and that did not sacrifice any passenger space. Daimler had already started shaking things up in 1994 with the NECAR 1. While other auto companies were testing fuel cells in laboratories, Daimler put a fuel cell in a van and drove it around for thousands of kilometers. (The drawback was that the cell took up the van's entire utility space.)

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Mercedes-Benz's NECAR 3, which was unveiled in 1997 and operates on a fuel cell, could be an alternative to the internal combustion engine.

Daimler), Ford, Toyota, Nissan, Renault, Peugeot/Citroen, Volkswagen/Volvo, Mazda and Honda have all announced such plans.

This so-called revolutionary technology was created in 1839 by Sir William Grove, a Welsh judge and gentleman scientist. It never took off partly due to the success of the internal combustion engine, but also because it was not until the second half of the 20th century that scientists had learned how to better manipulate the necessary materials, such as platinum, and to create cheaper ones, such as Teflon.

A fuel cell essentially performs electrolysis in reverse, using two electrodes separated by an electrolyte. Hydrogen is presented to the anode and oxygen to the cathode. A catalyst at the anode separates the hydrogen into positively charged hydrogen ions and electrons.

The ions migrate through the electrolyte from the anode to the cathode where they join up with oxygen from the air and the electrons to form water. The electrons, meanwhile, have gone out of the fuel cell and through an external circuit — along a wire — where they power the car's engine.

The first practical application of fuel cells was made in the 1960s during the Gemini space program, when they were used in favor of nuclear or solar power. They are still used in space not only for power, but also for making the astronauts drinking water.

Commercial use was prohibited by the high cost of the materials until breakthroughs in cheaper platinum catalyst production in the early 1990s. Small companies like Ballard formed to find commercial applications.

(The next edition of Fuel Cells 2000's directory, which comes out next month, will list over 700 such companies, more than double the number last year.)

"We're in this to build a business and not necessarily to win Nobel prizes," said Firoz Rasul, Ballard's president and chief executive. "We're not interested in playing in a technology sandbox."

But high cost is still one of the key

issues. Most fuel cells are handmade and cost \$500 to \$5,000 per kilowatt (kW) of power, compared to \$20 to \$50 per kW for the internal combustion engine.

To reduce cost, Mr. Rasul said that Ballard is searching for ways to eliminate parts and find cheaper materials, without sacrificing performance. It must then develop the manufacturing process to make the cells "in extremely high volumes to meet the cost target set out by the automotive industry," he said, which is between \$50 and \$60 per kW by 2004.

According to Nicholas Abson, a former television science program producer who founded an Anglo-Belgian fuel cell company called Zevco in 1994, the key to reducing cost lies in choosing the right kind of fuel cell.

Completed in July concluded that pure hydrogen is not a feasible fuel for private automobiles now or in the foreseeable future.

The study says that methanol or gasoline are better, since they do not require bulky high-tech tanks, and may be distributed through the gas station network. But such fuels are used only for their hydrogen, and the onboard process of extracting it also creates toxic emissions — though about 90 percent less for the internal combustion engine.

"If you solve all the R&D issues and the cost," said Steven Chalk, who is responsible for fuel cell research at the U.S. Department of Energy, "you still have to get the fuel out there."

Most experts agree that the challenges offered by the race to create a fuel cell car will ultimately spur the development of the technology in other applications.

"If you get even closer to succeeding in the car market," Mr. Rose said, "you will be able to succeed spectacularly in other markets. If you can make a 100 kW generator that will fit under the hood of a car, you can also have a 100 kW generator that will be a spectacularly successful product for other markets."

Fuel cells may eventually be used in such applications as laptop computers or cell phones, or even to power an office building or home. As Mr. Nurdin pointed out, one's country cottage could eventually be powered by the fuel cell in the family car.

Both Mr. Rasul and Mr. Abson consider the fuel cell to be as revolutionary and transforming a technology as the microprocessor.

"I want to make \$15 a kW fuel cells," Mr. Abson said. "Because at that point you can go into a Masai village and say, 'Here's energy. You can revolutionize the world. Energy is what separates the rich from the poor.'"

BRAD SPURGEON is on the staff of the International Herald Tribune.

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## Mobile Phone Roaming: Easier but Not Cheaper

By Eoin Licken

**P**ARIS — When digital mobile phone networks were first introduced in the early 1990s, one of the most exciting aspects of the new technology was the ability to roam, to make and receive calls using the same phone in different countries.

Roaming far and wide gets easier every year. There are more than 135 million users of the most popular digital mobile network type, GSM (Global System for Mobile Communications), with networks in 129 countries. But while roaming may be easy, it is not cheap.

The first decade of mobile roaming has been characterized by operators adding up to 50 percent onto the cost of roaming calls, while in some instances value-added tax has had to be paid twice on the same call, meaning calls made while roaming may cost up to 10 percent more than calls made on the same phone at home.

Meanwhile, roaming is becoming more and more popular. A study of nearly 300 roaming users last year by the London-based consultancy Philips Tarifica found that convenience, ease of use and security rated higher than cost when companies were choosing their communications methods while abroad.

Before analyzing the components of roaming costs, it is important to realize that there are two categories of roaming charges when a mobile phone is used outside its home network. The first is a charge for receiving calls. Normally within Europe, the person calling a GSM number pays for the call, unlike in the United States and parts of Asia where the mobile user generally pays a portion of the cost of calls received. But if the mobile is roaming — using another network — the mobile user pays the bulk of the call charge: the cost of transferring the call from the home network to the visited network. This is to ensure that callers only pay the usual rate for a call to a local mobile.

But what if the person who makes the call is also abroad, perhaps in the same country as the person being called? In this case, both end up paying for international calls. Imagine, for example, that a French mobile phone user travels to Rome. If a colleague in Rome calls her, he pays for a call to France, while she pays to transfer the call from France back to Rome. They might be next door to each other, but the operators are charging for two international calls.

The second additional roaming cost applies when making calls. Besides paying the appropriate call rate determined by the visited network, that network's operator frequently adds a roaming markup per call, known as a visiting public land mobile network (VPLMN) charge. This is billed via the home network, which may also charge the user an additional roaming markup per call, known as a home public land mobile network (HPLMN) charge.

The GSM operators' body, called the GSM Association, has a gentlemen's agreement that visiting network charges are limited to 15 percent, while home network charges are left up to operators. However, some operators, for example in China, charge 50 percent visiting network and zero home network markups, while British operators Cellnet, Vodafone and One 2 One charge 35 percent home network and 15 percent visiting network.

Small wonder then that recent Vodafone results showed roaming calls contributed 25

percent of the outgoing airtime and access revenues. Adding insult to injury, if the home network and visited network are in countries between which value-added tax is not recoverable, then users are likely to pay tax in both the countries for the same roaming call. This does not apply, for example, when roaming between EU countries.

Thus, with most countries' value-added tax rates around 20 percent, users making roaming calls may pay 15 percent to 70 percent extra per call.

An end to this complex series of charges is in sight. The network operators say they are changing the way roaming calls are charged, meaning users will better understand the charges involved, and prices may fall. The 323 operators who are members of the GSM Association have agreed to decouple roaming charges from local tariffs charged by visited networks. Instead, a system of network operators charging each other wholesale rates for roaming calls will apply, known as an inter-operator tariff (IOT) scheme. This is due to be introduced by the end of April.

By charging each other at wholesale rates, operators may be able to benefit from bulk discounts, while roaming call charges will be independent of fluctuations in the costs of non-roaming calls in visited networks.

Pierre Cotino, who chairs the GSM Association's billing and accounting rapporteur group, said the IOT scheme will simplify the charges for international roaming. Though careful not to promise price reductions, he nevertheless said operators would be freer to charge what they like, and home operators may decide to offer new roaming tariff plans. "More innovation is expected," he forecast, citing possible examples such as cheaper roaming charges for high users, or a single charge for all roaming calls within Europe.

But industry watchers are skeptical. Julian Herbert, research manager at English mobile research firm EMC, said the IOT plan was first announced in September 1997, but "little has been heard from individual operators about progress since the GSM Association's Warsaw plenary in April 1998." The lack of any prominent IOT announcements from operators fuels suspicions that the new plan will not lead to price reductions.

Whatever the prospects of simpler roaming charges, there is no immediate prospect of smarter call routing to avoid sending all calls via the home network. One solution, called optimal routing, is being evaluated by operators. In the example given above, this would allow the telephone switch in Rome to realize that the called mobile was also in Rome, and hence it wouldn't route the call via France.

But Mr. Cotino said operators were not convinced that the required investment would be justified given that international call rates were falling.

The presence of a business case is a big if. At last month's GSM World Congress in Cannes, industry representatives who preferred not to be named felt the technology already existed to implement optimal routing, but said the operators were slow to install technology that would reduce their revenues.

So, while roaming continues to get easier, with more networks to choose from, the prospects for it getting cheaper are not too bright, in the short term at least.

EIN LICKEN is a free-lance journalist based in Paris.



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# Europeans Focus on Local Content to Spur Internet Growth

By Tom Buerkle

**L**ONDON — One of the biggest challenges to the growth of the Internet in Europe can be summed up in a few words. Words like Yahoo!, AOL or Amazon.com.

The most popular sites on the Internet are predominantly American, providing information, entertainment and merchandise geared to the tastes of consumers in Peoria, not Paris. About 80 percent of the Web pages viewed by Europeans actually originate in the United States.

Increasingly, however, European media companies, retailers and Internet service providers are teaming up in a bid to provide the kind of local content that U.S. Web surfers take for granted.

"Without local content, there won't be the rapid growth in demand," said Richard Spinks, business development director of Lycos-Bertelsmann. "When someone talks to you about, not a Ford Focus but a 4-door Ford Mustang, you kind of lose interest — you can't buy it." Lycos-Bertelsmann, a joint venture between the U.S.-based Internet portal site Lycos Inc. and the German media group, has put a top priority on developing local information sources — business directories, travel services, news, weather and sports — in each of the 17 European countries where it operates.

"We're a European company with European local offices and local content," Mr. Spinks said. "Everything must be in the local language."

The company regards local content as vital for building traffic and revenue, and it claims to conduct 10 times as much

e-commerce as its nearest competitor in Europe. But executives at Lycos-Bertelsmann say they believe the venture has only scratched the surface. Lycos surveyed nine U.S. e-commerce companies, including firms such as CDNow Inc., and found that roughly one-third of their on-line sales were placed by overseas customers. Lycos-Bertelsmann gets about half of its content from local partners, ranging from established names such as France Telecom or Thomson Directories in Britain, who supply telephone directory information, to a group of British rugby enthusiasts who have set up rugby.com. Managing directors in the individual countries have a lot of leeway to tailor content in their countries — rugby may be popular in Britain and France, but in Sweden hockey is king.

"What is key is to be a Spanish Web site in Spain, a Dutch one in the Netherlands and an Italian one in Italy," said Jean-Pierre Guenin, international business development manager at Voila, the portal site and search engine owned by France Telecom.

Voila has driven Internet use in France by developing the world's biggest French-language data base, containing 52 million sites. The company claims that Voila.net is accessed by nearly half of French Internet users, and the popularity of the site helped France Telecom quadruple the number of paying subscribers to its Wanadoo Internet service to about 500,000 last year.

Now, using a strategy similar to Lycos-Bertelsmann's, Voila is reaching out to establish local language sites with

content providers in the Netherlands, Denmark, Portugal, Spain and Italy. Users "will find that it's fun to go to sites globally," Mr. Guenin said, "but for practical purposes, it's basically local information they are looking for." There is a lot of potential in those markets, but Voila has plenty of catch-up to do to develop them.

About 10 percent of homes in northern Europe, including Scandinavia, Britain, the Netherlands, Germany and Switzerland, had Internet access at the end of 1998, according to the consulting firm Yankee Group Europe — half the penetration rate of the United States. In southern Europe, however, only about 4.5 percent of homes were connected to the Web.

Content, or the lack of it, has been a major factor inhibiting the growth of Internet usage, said Andy Greenman, a senior analyst at Yankee Group.

"Scandinavia has been the quickest to adopt, and Scandinavia also speaks English," Mr. Greenman said. In much of southern Europe, however, "there's just a lack of compelling content, and there's also the language barrier."

Another move to foster European content was announced last month by Inktomi Corp., the U.S.-based maker of search facilities and traffic servers. Inktomi struck a deal with British Telecommunications PLC to provide one of the largest European-based search facilities. It will contain about 40 million pages of European-based information. That compares with 110 million pages, or roughly one-third of all the content on

the World Wide Web, that Inktomi stores in its four search facilities in the United States.

By bringing local information closer to consumers and making it easier to find, the search facility should help create a virtuous cycle where content drives Internet usage and usage encourages the development of more content, said Paul Gauthier, Inktomi's chief technology officer. "There's a disincentive for people to publish content if nobody can find it," Mr. Gauthier said.

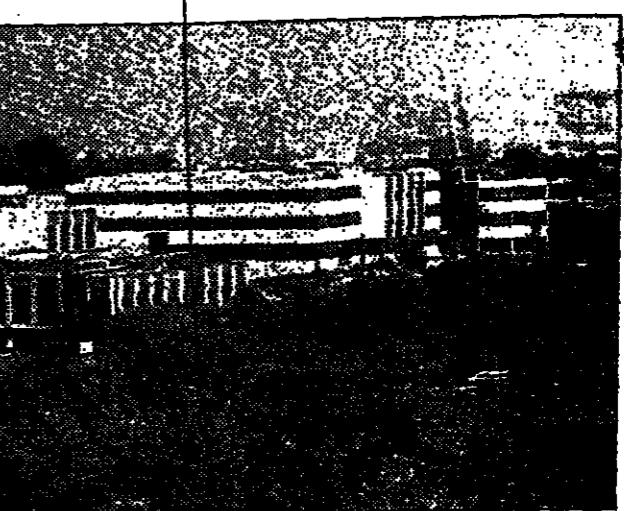
For all the efforts to develop local content in Europe, there are some indications that American material may be strengthening its grip on the Internet.

Mirror Image Internet Inc., a Massachusetts company that sells caches to store Internet material close to consumers, has experienced a surge in traffic since setting up caches in London and Frankfurt last year.

**S**urprisingly, the percentage of U.S.-sourced content flowing through the European caches has increased to about 85 percent of total traffic, said Martin Alsen, the company's vice president for marketing. Although European content is growing rapidly, U.S. material is growing faster and faster, involving more and more bits of data as sites become more sophisticated and incorporate more video and audio, he said. The trend may continue as big U.S. media companies seek to dominate the Web, he said.

"When it comes to the richness of content, it's going to be stamped Hollywood," Mr. Alsen said.

**TOM BUERKLE** is on the staff of the International Herald Tribune.



Sophia Antipolis near Nice houses more than 1,000 high-tech firms.

Alexander Edermann

research and design facilities in Grenoble, France, employing about 2,800 people.

"We saw Grenoble had a lot of ingredients," said Joel Monnier, head of research and development. "There were a lot of laboratories like the LETI, run by the French Atomic Energy Commission, and CNET, run by France Telecom, with a lot of competence on advanced physics systems architecture. That is one of the reasons we have been able to grow. We had a common research and development program with LETI and CNET where we did advanced research together."

The University of Grenoble, with some 60,000 students, yields a talent pool of 1,000 new graduate engineers a year, Mr. Monnier said.

Hewlett-Packard, one of the founding firms of Silicon Valley, is another big player in Grenoble.

Roger Wilson, director of public affairs for Hewlett-Packard Europe, said government incentives such as tax breaks were not an important factor in choosing a location.

"What we look for is young, bright graduates who are up on the latest technologies," he said. "A good particular professor, course or department of a university that is world-class can gather around it talented people."

That, he added, is what David Packard, co-founder of Hewlett-Packard, found when he checked out the University of Edinburgh in 1960. He also found the requisite space, good quality of life, good communications and a good place to move products from.

Scotland now produces 40 percent of the branded PCs in Europe and 50 percent of Europe's automatic teller machines.

To reinforce Scotland's role in advanced electronics, the government economic development authority Scottish

Enterprise has created the Alba Center, a semiconductor design campus and research institute. The campus will offer a degree in semiconductor design for the four surrounding universities.

Whether the base has public support, as in Scotland, or is a largely spontaneous development like Cambridge, the key to success seems to be access to a reservoir of knowledge and talent.

**SHARON REIER** is a free-lance journalist based in Paris.

## 'Silicon Valleys' Take Root in Europe

By Sharon Reier

**P**ARIS — Call them high-tech clusters. Call them centers for innovation. Draw a curve linking Scotland's "Silicon Glen" between Edinburgh and Glasgow, down through Cambridge, across the Channel to Belgium's Leuven area, to the Amsterdam-Rotterdam complex, then on to Lyon, then to Silicon Bavaria, with its "Medical Valley," back around to Grenoble, then toward Nice and on to Milan. Continue south to Bar and hook around through the Mediterranean to Barcelona — and it forms a configuration something like a croissant.

These are the concentrations of information technology, communications, media and biotech companies that Europeans showcase as their versions of Silicon Valley.

But before taking the claims too seriously, one must look at the reality as well as the aspirations.

The Cambridge area has spawned some 1,200 high-tech companies, technical consultancies, venture-capital firms and technical publishers. It is getting a lot of acclaim these days as one of the most successful high-tech centers in Europe.

The area emanating from the Cambridge Science Park now boasts a total of 38,000 jobs directly related to technology. By comparison, Silicon Valley created 52,000 new jobs in 1997 alone.

"They are 10 times the size of us," said Walter Herriot, a former banker and Coopers & Lybrand consultant who now manages the St. John's Innovation Center in Cambridge, an incubator for technology that serves as a support base for local knowledge-based firms.

Luc Soete, director of the Maastricht Economic Research Institute on Innovation at Maastricht University, pointed out that some regions were less vital than their promoters would suggest.

Mr. Soete said there were three elements that prevent Europe from having an area as dynamic as Silicon Valley. First, there is a lack of space. Areas like Paris, he said, have plenty of high-level research, but real estate is too expensive for start-up firms.

Then there is the lack of interaction between universities and the private sector. "The spillover emerges from the universities, but it is less dramatic than the way Stanford and Berkeley interact with Silicon Valley," he said. What constrains the spillover effect, in Mr. Soete's view, is the third element: the traditional

St. John's Innovation Center in Cambridge, an incubator for technology that serves as a support base for local knowledge-based firms.

Still, highly regarded universities and research centers do play an important role in attracting innovative companies to areas in Europe.

STMicroelectronics NV, the semiconductor company formed by the merger of SGS Microelectronics of Italy with the nonmilitary activities of Thomson-CSF of France, has a huge plant and

dominance of research and development spending in some European countries by the largest corporations. For instance, in the Netherlands, he said, development is extremely concentrated.

"Five percent of the money spent on research and development is generated by Shell, Alco-Nobel, Unilever, Philips and DSM," he said.

Since the large local companies dominate the direction of research, there is much less spillover to new firms.

The situation in Germany is similar. "You have the domination of few very large firms and technical universities, and an overabundance of research in the universities funded by companies" such as Siemens and BMW, Mr. Soete said.

A survey by the Munich chamber of commerce noted that some 60 percent to 70 percent of electronics companies in the Munich area were in some way related to Siemens.

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## Post-PC Era Dream: Linking Up All Electronic Devices

By John Burgess

**W**ASHINGTON — Racing against a deadline, a group of executives meets in a hotel room to create a contract presentation. Between them, they have the usual toys of on-the-road professional life: laptop computer, a pager, a cell phone. The room has a TV set and fax machine; down the hall is a color printer.

Within a minute or two, everything is working together. A speech typed on the laptop displays on the TV set. The cell phone taps into the Internet and brings in charts from a computer back at the office. When the presentation is done, it prints out down the hall.

Such a feat is entirely fanciful today. Making it commonplace is the vision behind Jini, a technology initiative that the U.S. computer company Sun Microsystems launched earlier this year. With backing from global players that include Sony, Motorola, Bell, Philips, Nokia and Kodak, the program hopes to create a world in which all electronic devices can talk to all others and work with them. Each can draw on the other's power and capabilities, making the network a giant computer.

Personal computers can connect, too, but they are not in charge. They are just devices staring the network like any other. Showing off their infant Jini in a San Francisco auditorium in January, the

Sun chief operating officer Ed Zander called it "the beginning of the post-PC era."

Technology rarely works as smoothly in the real world as it does in scripted demonstrations. Sun must now prove that Jini can make the transition to real products, which the company promises will appear this year. But to Jean Bozman, a software analyst at International Data Corp., the more significant questions concern market acceptance: "The ultimate success of Jini," she says, "is completely dependent on the rate of adoption by consumer electronics vendors."

In the meantime, the technology already has formidable competition from Microsoft Corp., which is developing standards that promise some of the same capabilities. These days, the entire electronics industry mouths the rhetoric of networks and communication. But the fact is that most of the world's devices that contain silicon components — whether they are CD players, thermostats, microwave ovens, or TV sets — are stand-alone.

When things do connect, the link generally requires special software, a PC in charge, a common operating system and a skilled human being to set things up.

Jini, in contrast, promises to allow things to connect with no set-up by humans. Devices simply "check in" on the network when they are plugged into it, announce their capabilities and wait for orders. They listen for announce-

ments of what other devices are connected, and use them as the need arises.

That is how the hotel room would be tied together. The laptop wouldn't need special "driver" software to use the hotel's printer. The TV's set-top box, similarly, could automatically tell the laptop how to give it information.

The data would flow variously over wireless links or copper wires. Setting up those conduits is relatively simple. It is like telephoning a foreign country — you can easily open a line, but communicating with the person who doesn't speak your language is no easy task. Jini essentially establishes a common language.

IT VISIONARIES have no end of scenarios on how the "impromptu networks" it makes possible could change life. Such as: A traveler arrives at the airport in a cab. Instead of paying cash, she gives her personal organizer a command to pay into her account at the cab company. The taxi's meter prints her out a receipt.

When she steps inside, the organizer checks in with a wireless network that exists solely inside the airport. It requests information about whether her plane is on time, and perhaps announces to reservation computers that she has reached the airport.

Likewise, the lights and electric range of her home are controllable from the organizer. Modems, scanners and new hard drives connect

instantly to her family's PC, without elaborate set-up. Data flows to and from the house with similar ease. As it did with the related Java programming technology, Sun is developing Jini as a community effort. Its partners get the "source code," essentially the normally secret formula, and are free to make changes to it, provided they stay within guidelines to ensure overall compatibility.

"There is no central control, no monopolist pulling the strings," said Bill Joy, the Sun technologist who is Jini's driving force. That, of course, is a dig at Microsoft, whose Windows software runs on roughly 90 percent of the world's PCs. Microsoft has an initiative called Universal Plug and Play, an enhancement to technology that has made it simpler to connect printers, hard drives and other devices to Windows PCs.

The stated objectives of this effort are more modest than Jini's. "The main goal is to enable consumer networking to be easier," said Phil Holden, a Microsoft group product manager. People might use the technology to pipe movies around their homes. Sun it could also find major use in business, he said.

Microsoft is including standard Internet specifications, which it promotes as an advantage over Jini. It also says it will work with non-Windows devices. Plans call for the specifications to go to other companies this spring and the first products to appear by year's end.

Sun, meanwhile, is working to get the first Jini products to market, too, and has some demos. Xerox Corp., for instance, has created a Jini-enabled laser printer. Jini is "a very elegant way to simplify the process of customers building powerful network services," said Mark Hill, a Xerox vice president working with the technology.

Sony, Philips, Thomson and five other consumer electronics companies are working to make Jini compatible with a home entertainment standard they are developing, Home-Audio-Video interoperability. "In the era of networks," says a Sony spokesman, Mack Araki, "we think that a lot of different technologies need to work together."

Kodak is putting it into digital cameras, while Nokia is looking at it for wireless devices, but has made no decision as to whether to proceed.

Ms. Bozman of International Data sees Sun in the lead at this point: the people at Microsoft have "talked about it more than they've shipped it. Clearly Sun got to market first." But she notes there is no reason why companies have to pick one or the other.

Indeed, many plan to build both technologies into their products and see which ones win over the buyers.

JOHN BURGESS edits technology coverage for the business section of The Washington Post.

## PC at a Crossroads: Where Should Computing Be Done?

Continued from Page 9

would hardly be a computer at all: the concept was an inexpensive combination of a monitor, keyboard and microprocessor that would code all the calculations that a computer does to servers. For \$600 you would get a machine without a disk drive or its own programs but was easy to use and available on a moment's notice.

Your data — letters to your parents, your stock portfolio — would reside on somebody else's computer, which would probably be using Oracle databases to keep track of it, but you would not have to worry about losing it to a flood or a thief, and you could access it from any network-enabled computer in the world. This was not much different from the on-line services that arose in the 1980s, such as CompuServe and Prodigy, where most of the computing took place on huge mainframes at the companies' sites.

IT turned out, Mr. Ellison was right and wrong. Many people are using the Internet to access remote servers that perform computing tasks, at the network computer as presente in 1995 has not wrested away the market from personal computers. In part because the latter's prices have dropped precipitously, to below \$1,000. Thin clients, as network computers are sometimes known, have been making advances in the business world, but usually as adjuncts to personal computers. Many executives carry portable organizers that can send and receive e-mail, but they usually type their letters on their PCs.

Oracle is undeterred. "We feel very good because we think Larry has correctly predicted the future," said Mark Jarvis, Oracle's senior vice president for marketing. "He was slightly wrong in a couple of things primarily the speed in which the PC has turned into what we feel is the network computer."

There is a touch of revisionism there: a network computer would not need to have most of an operating system, certainly not one as full of features as Microsoft Corp.'s Windows, which is used in the overwhelming majority of personal computers. Oracle makes no secret of its disdain for Microsoft's approach to computing, which relies on the ubiquity of Windows and a philosophy that individual users want a significant amount of control over their programs and data.

"One thing that Microsoft has missed," said Mr. Jarvis, speaking about the upcoming revision to its top-end operating system, "they focused on building Windows 2000 to be all things to all people. You can't build more dedicated appliances

that do one thing very well rather than lots of things in a mediocre way."

Yet Microsoft itself has a project that does not even require a personal computer. Called Universal Plug and Play, Microsoft touts it as an alternative to Sun's Jini with the advantage that it is based on existing Internet protocols. Jini devices must use Sun's Java programming language, Microsoft said.

Although it is compatible with Windows, Universal Plug and Play does not require appliances to run that operating system. The company likened its network to one of "autonomous citizens," where any device can ask any other appliance to do something.

As an example, Microsoft said, a shopper in a supermarket could use a Palm Pilot, an electronic notepad that does not use Windows, to query his refrigerator at home to see what was in it.

Mr. Jarvis said he was willing to bet that products such as an Internet refrigerator that could sense when milk, for example, was running low and order more would be popular, "and I don't think they'll run Windows."

The idea of a smart house in which appliances talk to each other and the

world may sound far-fetched, but it should not.

"There are computers in virtually everything now, they just happen to be nonstandard and don't talk to each other," noted Marc Sokol, senior vice president of advanced technologies at Computer Associates Inc., one of the biggest software makers, whose vast array of programs are used by companies around the world. "All we are talking about here is the ability for them to interconnect and to talk."

What is interesting is that Mr. Sokol's view about the future of the personal computer is almost the polar opposite from that of Mr. Jarvis. He said he sees the PC sitting on the desktop for years to come.

"There is no question there is a certain re-centralization going on," he said, "but there are a lot of applications and software that are requiring high desktop power. Although you have the one trend of the Internet and thin client, you have the visualization trend, 3-D stuff and the like that tend to require fairly

heavy-duty central processing unit power on the desktop."

One key reason that processing power has to be close to the user is the issue of bandwidth, the capacity of a network to deliver information to a computer.

Even though many telecommunications companies are installing fiber-optic lines, what is known as the last quarter mile — the connection from the nearest switching device to the home — usually contains some copper.

This limits data transmission speeds to about 56,000 bits per second, the speed of the fastest commercially available modems. That is much faster than the rates common a decade ago, when 2,400 baud was the norm, but just barely sufficient for such functions as transmitting telephone-quality audio and far short of what would be required for real-time graphics-intensive uses.

There are two developments under way that are likely to speed up communications, according to Glenn Ricart, chief technology officer at Novell Inc., whose programs link computers into networks. "The rollout of cable modems and ADSL technology has really unjammed the Internet," he said.

Cable modems use existing cable television lines and can theoretically transmit information at 30 megabits per second. The competing asynchronous digital subscriber line technology allows phone companies to use their existing copper wires to send information at about a quarter of that speed, which is still about 125 times faster than a 56 kilobit modem. A one-minute silent video would therefore take about one second by cable modem or four seconds via ADSL, compared with more than eight minutes by a conventional modem.

These technologies are becoming available throughout the industrialized world now, although they add \$60 or more to monthly communications bills. Fast wireless technologies also are available, but they tend to be even more expensive. Michael Cowpland, chief executive of Corel Corp., which makes business software, said that the lower costs in the United States than in other countries for Internet access would allow America to maintain its lead in adopting Internet-based technologies. He predicted devices to access the World Wide Web would be available for as little as \$300, speeding the penetration of computing into people's homes.

Mr. Ricart of Novell, which has a 15 percent stake in Corel, agreed that the transmission developments would help breed "biobiodiversity" among computing devices, with desktop machines running in one or two rooms of the average user's house, for "personal productivity" such as typing documents and also for communicating by e-mail and via chat rooms.

Elsewhere, however, a plethora of electronic devices are going to want to discuss your requirements, and they are likely to do so by means of a home server.

One reason is that, even if more bandwidth becomes available, the speed of the Internet can be reduced by the amount of data flowing over it, much in the way a storm drain backs up once water fills the available space.

This is where the basement computer comes in. "One of the things that may happen that actually helps to unclog the network is the proxy server or gateway," said Bud Tribble, a vice president in Sun's new consumer unit. This entails "pushing some of the processing back towards users."

Because Internet users often return to pages they have used before, it is efficient to store that data close to them, rather than transmit it each time they access it. Similar technology already exists in browsers, which cache previously visited pages, and it also is used by Internet service providers.

If this architecture takes hold, the ramifications are substantial. With an array of household gadgets accessing servers via the Internet, the companies that control the sites people use likely would have greater influence than PC manufacturers, and there would not be much market for individual programs. Mr. Tribble said that rather than buy a specific program, for say, personal finance, users would be going to a Web site that they could access from anywhere and that could accept information from all of their appliances.

In such a scenario, "the idea of paying for a kind of software," said Mr. Tribble, "would go by the wayside." Indeed, he and some of the other executives said, you might get the box in your basement for free from your phone company or Internet service provider because it would make sense for them to minimize data traffic by keeping your data near you. But that nondescript box would be a commodity item, not the kind of thing for which a hardware maker could ask a premium price.

MICHAEL MARTIN is editor of the International Herald Tribune's Money Report.

Before we put our finest printer together, we considered how it should come apart.

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Today, Kyocera's Ecosys printer bears the world's most important symbols of ecological responsibility. You might say it's a model of environmental design. It wasn't easy to produce. But we think a healthy planet is worth the extra effort.

\* Including Australian Conservation Foundation seal (Australia); Eco Logo (Canada); Blue Angel (Germany); Eco Mark (Japan); Energy Star (United States and Japan); Energy 2000 (Switzerland)

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Q & A / Stephen Nachtsheim, Intel Vice President

# Venture Capital Investments: The Reasons for Global Push

Stephen P. Nachtsheim, an Intel Corp. vice president, helps direct the chipmaker's investments in other technology companies. Intel usually takes small, minority stakes — generally worth less than \$10 million — in private or sometimes public companies. During a recent trip to Paris, Mr. Nachtsheim discussed Intel's plans to expand its venture capital investing outside of the United States this year with Victoria Shannon of the International Herald Tribune.

Q: How are you going to start building your investments in Europe and Asia?

A: The first thing we have to do is staff up, so we have been on a relatively steep hiring ramp since August of last year. You can't just put an ad in the paper and find the kind of investments that we want to make.

When we do deals, the deal team is usually made up of three people, or parts of three people — somebody from our group, which is corporate business development, and then you need somebody from treasury, and you obviously need somebody from legal.

We have, in the last six or seven months, on a worldwide basis, quadrupled our international staff. That's



*'A few of us at Intel try not to be quite the inward-focused, U.S., California company that one sometimes finds.'*

about as fast as you can go because you have to find them, hire them, train them, put them on the ground, let them get their contacts going, and then you start building up a group that can find, hire and train other people. We've been doing the same thing in Asia — the same hiring and staffing.

Q: Why the push into Europe and Asia now?

A: Intel has really expanded its efforts in business development in the last two years. Four years ago, we'd do three or four deals a year. Three years ago, maybe it was 30 or 40. Last year, we did about 130. So why now? There's probably three reasons for it. Reason No. 1 is we've built it into a fairly effective organization so it has the bandwidth, processes, expertise, et cetera, to go out and work on an international basis. And I think the second reason is the market is very ripe for it.

I think the third reason is there are a few of us at Intel that try and not be quite the inward-focused, U.S., California company that one sometimes finds. Intel has tried to be a very international company.

Q: If I'm a start-up company in France or Germany, for example, and

I'm looking for Intel to make an investment in me, what do I do?

A: If you've got a business plan, you can send it to [proposals@intel.com](mailto:proposals@intel.com).

Q: Seriously?

A: Seriously. I don't know the exact number, but there's a pretty healthy flow of information that comes through there.

Q: So if I have a great business plan that catches somebody's eye at the other end of [proposals@intel.com](mailto:proposals@intel.com), what happens then?

A: Proposals come in from lots of

different places. Some of them come in from [intel.com](http://intel.com); we get a lot of them from other venture capital companies who would like us in on a deal. Some of them are letters that come directly to Intel, some of them come from other start-ups.

Essentially, they'll go through a sort of funnel. First of all, it has to fit one of our strategic intents. Secondly, it has to look like it may have a chance in hell of succeeding, so it has to be somewhat rational.

To give you an idea of what the sort is

like, out of 100 ideas that come in, you actually get to evaluate probably 10 percent of them, maybe fewer. These go to an investigation stage. In the investigation, that means we're starting to put some time into it, and they might actually have a meeting with the company. Then they might reject it or they might keep going until we get to something called a "deal concept meeting."

A deal concept meeting is a meeting with the team that's looking at the deal. One of the people that did the investigation who wants to champion the idea will come in and say, "Well, I found this deal. Here's the concept. They're going to do this, here's what the investment might look like, this is what Intel can bring to the party." The deal team may proceed or not.

Q: Mike Volpe at Cisco Systems Inc. recently was quoted as saying, "There are no start-ups in France, very few in Britain and none in Germany." How would you assess that?

A: Well, that's not quite true. There are countries that are really getting active in these kinds of things: Israel, India, surprisingly China, Taiwan, of course.

We're starting to see a fair amount of

activity in Germany. Relative to other countries, not as much, but they're active. There's some stuff going on in France and there's starting to be some stuff going on in Spain.

Q: As you're staffing up in Europe and Asia, are you finding that landscape any different than in the United States?

A: Yes. I can't make a country-by-country analysis of it other than to say that the venture capital function in England, at least, seems to be missing.

I'm not sure about the vitality of the venture capitalist part of the financial sector on an overall European basis. The general feeling seems to be that this is a market that hasn't grown yet. It doesn't mean it won't. What you seem to have in many instances is a lot of European companies coming to American venture capitalists for investment.

A 12-person start-up is going to find it hard to get listed on the London Stock Exchange, whereas we have Nasdaq and a number of other things that make it easier to take companies public. There are investors — I'm just saying the venture capital function of the financial structure seems to be a little less mature here than in the U.S.

## The MACRO View

### Cyberspace Comes of Age

Continued from Page 9

in fact, the Internet precisely by loosening the constraints that bound certain activities to particular places, lets people give greater priority to their bodies.

To take one especially well-understood case, research by economic geographers such as Saskia Sassen shows that global finance, far from dispersing in the ether, is concentrating in a few global centers. Why? Because financial people need face-to-face meetings to cement their networks and negotiate their increasingly complicated deals. And with the coming generation of specialized "information appliances," industrial design will adapt networked information technology ever more closely to the rhythms of our bodily lives.

The cyberspace world, with its conquest of distance, also seemed to call for "disintermediation": the elimination of intermediaries throughout the economy.

To be sure, intermediaries such as travel agents and insurance brokers are in trouble; et many, if not most, of the successful businesses on the Internet are precisely a new generation of intermediaries. The Internet enables the boundaries between organizations to be reconfigured, but no simple theory predicts exactly how.

**A**BOVE ALL, cyberspace is supposed to be hostile to institution, the digital revolution promised to displace just intermediaries but government bureaucracies, business hierarchies, and educational systems as well.

The reality, once again, is different. The Internet's initial applications have emphasized informal connections among people with common interests, largely outside of established institutional channels. But the Internet is now being integrated into its institutional environment.

Organizations of every sort have learned that an Internet presence costs considerably more than a Web page built over a weekend. Governments, businesses, and nonprofits alike are using the Internet to integrate their operations with those of their suppliers, allies, and customers. This is a gigantic undertaking, and the most important Internet action is now found in the slow-moving and unglamorous work of porting its endless details.

The explosion, in short, is over. Things are changing gear. And the new task — perhaps the world's moral task for the next 20 years — is not to destroy institutions but to reinvent them.

The experience of Russia has made clear what happens to a society without functional institutions, and the global economic crisis has demonstrated the profound instability of our financial institutions to contend with the instabilities of a global economy.

On a much smaller scale, on-line businesses such as the eBay auction house are forcing us to consider the market for marketplaces: does it mark function correctly, or does it lead to natural monopoly?

Faced with these profound questions, the millennialism of cyberspace counsels us to have faith in the inherent reforming power of technology. But that is not how information technology works. Information technology is a plastic medium, formed by inscribing human ideas into software and silicon. Human choice shapes the machinery. And then the machinery interacts with its institutional environment in complicated ways.

Take, for example, the case of education. Societies from the United States to Brazil are preoccupied with repairing their educational institutions.

And computers seem, in some way, to hold the answer. In practice, however, many classroom computers will never leave the box, or else they will be consigned to educationally useless drill-and-practice games. To provide any educational benefit computers require teacher training, maintenance personnel, phone lines, electrical connections, curriculum materials — an elaborate institutional framework of its own. Computers can be part of a much larger process of institutional reform, but they cannot fix the scabs by themselves.

Thus one of the central questions of our time: how can we take advantage of the opportunities of networked information technology to build institutions that are not only efficient but democratic, transparent, and humane? Technology does not answer this question, but neither do the precedents of the past. The answer will only be found in the details of the institutional learning curve: choosing the values that we inscribe in our machinery, but allowing ourselves to be surprised by the institutional practice of using it.

**PHIL ACRE** is an associate professor of information studies at UCLA. His home page is <http://disis.gseis.ucla.edu/page/>

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مكتبة الأصل

## China's Uneven Advances

*Difficult Transition to High-Tech Society*

By Ted Plafker

**B**EIJING — Name any one of the world's most advanced technologies and chances are that China has mastered it.

The nation's genetic engineers routinely synthesize medicines and its top surgeons perform the most challenging of procedures. Nuclear plants supply electricity to millions of customers across southern and eastern China.

Chinese elites flock to the Internet and to cellular phone networks. Chinese satellites orbit the Earth, and the technology that launched them allows Beijing to credibly threaten cities as far away as Los Angeles with the nuclear weapons that China first developed more than 30 years ago.

But these highlights of high-tech achievement stand out against a background canvas that is decidedly low-tech. It is common in China's largest cities, for example, to see construction workers using shovels to mix concrete in small piles on the ground, or road workers leveling huge swathes of land with only hand tools.

In the countryside, many of China's 60 million rural dwellers have never heard of the Internet. They spend their days, much as their ancestors did centuries ago, transplanting rice seedlings by hand from soggy seedbeds into dry fields.

"China is now in the midst of a transformation from a traditional economy to a modern economy," said Liu Anhui, director general of the Department of Rural and Social Development in China's Ministry of Science and Technology. "You can already see developing along the coast, and even in the countryside near the larger cities. But in most rural areas, it has not yet appended," he said.

Scholars have long noted the central role of China's "rice culture" in shaping its institutions, values and society. According to the sinologist John King Fairbank, rice cultivation allowed China to squeeze the highest possible yield from its scarce allotment of fertile land, and it also spawned a "vicious interdependence between dense population



*A police bicycle equipped with a mini-computer is displayed in Beijing.*

Doug Baker/The Associated Press

and intensive use of the soil." The near total reliance on a single, vulnerable crop helped shape the traditional Chinese cosmology which, to a far greater extent than most Western creeds, places humans at heaven's mercy. The high population density, meanwhile, fostered a culture that favors collective rather than individual values, and an economy that worked to hinder risk-taking and technological innovation.

Once established, this economy acquired inertial momentum," Mr. Fairbank wrote. "The back-breaking labor of many hands became the accepted norm, and inventive efforts at labor saving remained the exception."

That momentum, generated ages ago, continues to be felt today.

"A country's ideal choices are closely tied to its resource endowment," said Professor Han Jun, deputy director of the Rural Development Institute of the Chinese Academy of Social Sciences.

"There is so much surplus labor in the countryside that the only rational choice for China is to focus on technology that can save land, not labor," Professor Han said.

But in addition to factors stemming from China's ancient rice culture, there are also modern obstacles to a more widespread distribution of technology.

As it celebrates the 50th anniversary of Mao Zedong's 1949 Communist victory and the founding of the People's Republic, China continues to grapple with some of the faulty institutional structures it adopted shortly afterward.

Mac's government was quick to launch a huge campaign to develop science and technology, relying on Soviet advisers for guidance. Mirroring the Soviet system, China established an Academy of Sciences and a system of research institutes directly under government ministries and army departments. "This set of Soviet-inspired institutions was just disastrous for innovation, and for making linkages between research and production," said Richard Suttmeyer, professor of politi-

**TED PLAFKER** is Beijing correspondent for *The Economist*.

## Taiwan's Industrial Ambitions

*It Aims to Move Up Technology Ladder*

By Thomas Crampton

**H**SINCHU, Taiwan — It was while walking one day through the offices of his Silicon Valley employer, the microchip giant Intel Corp., that Mien Wu suddenly realized his ambitions would force him to take his newly acquired engineering skills back home to Taiwan.

"I looked around and saw very few Chinese engineers above the director level," Mr. Wu said. "I do not want to call it racial discrimination, but it was not compatible with my ambitions."

The return of Mr. Wu, along with legions of other Taiwan-born émigrés from Silicon Valley in the 1980s, was a boon to national development that helped shift Taiwan's industrial base from tennis shoes and textiles into high-tech manufacturing within less than a generation.

The company that Mr. Wu founded with 28 recently returned engineers, Macronix, now has an annual revenue of more than 10 billion Taiwan dollars (\$300 million) and is one of the world's top 10 producers of flash memory chips.

Today, Taiwan produces more than half the world's computer cases, monitors, keyboards, handheld and desktop scanners, motherboards and mice, as well as a third of all notebook computers, modems and sound and video cards.

Most of this high-tech manufacturing takes place in the Hsinchu Science Park, an industrial zone near Taipei that government officials now say they want to move into the top niche of the world's technology food chain, pure design and research.

To succeed, Mr. Wu and other leading technology executives warn, Taiwan will need to accept another import from across the Pacific that is just as essential to technology development as Silicon Valley engineers: less restrictive U.S.-style company regulations.

"If you visit a similar-sized company to mine in Silicon Valley, you will see the person who founded it has long ago retired," Mr. Wu said. "Taiwan's restrictions on offering compensation through shares means that I, as founder, now own less than one percent of this company while my Silicon Valley col-



*A computer assembly line in Hsinchu, Taiwan's industrial zone.*

AP Wirephoto

make anything you can we don't and we have almost no 10 percent of a company or more."

Restrictions on share options hit more than just entrepreneurs, Mr. Wu added.

"The talented creative employees you need for design-based intellectual property work will only stick around if you can offer them a chance to build their fortune with the company," Mr. Wu said. "When I offer a salary bonus at the end of the year instead of stock options, employees have less at stake and do not feel such an attachment to the company."

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The policies they used in the last 50 years were very strict and there is no reason why we can't recover," Mr. Wu said. "Our strength was built on small, medium-sized enterprises, big get into global businesses, top companies."

Sweet words may be the creation of officials about switches, but the founder of one software internationally, said companies, Ulead, is listing discussions over the on the Taiwan market.

No software company has ever tried to do the first to do so. Ulead hopes to get writing later this year problems with the software company, said Lotus stock market president of Chen, the Taiwan companies, Ulead.

"We are getting our customers involved in every stage of the process and giving them access to all the data," Mr. Chang said.

**THOMAS CRAMPTON** is a correspondent for the International Herald Tribune in Bangkok.

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**Key partner in Asia**  
The group's focus on the client means that a top priority. NTT offers one-stop shop service is services, plus a single invoice—regardless of worldwide location of the customer's branches and the services required.

Particularly beneficial for European and American companies in Asia is NTT's vast experience in unique knowledge of local markets and conditions. "The message we want to send to potential customers in United States and Europe is: 'Contact NTT Arcstar for telecommunications links to Asia,'" says Norihiko Kondo, Deputy Executive Manager of Public Relations Office, Long Distance and Global Provisional Headquarters, Tokyo.

NTT's unparalleled position in Asia is rooted in the assistance it offers telecommunications carriers in neighboring countries. Generations of engineers from throughout the region have studied and trained at NTT's engineering center in Tokyo.

NTT Group companies are also involved in ongoing infrastructure development projects throughout Asia, ranging from tests of future mobile telecommunications systems and installation of circuits to introducing multimedia services.

"Through these projects, we have established very good relations with the national carriers," says Mr. Ohkubo.

In recent years, NTT has strengthened these ties by setting up wholly owned subsidiaries around the region, including NTT (Hong Kong) Limited and NTT Singapore Pte. Ltd., or joint ventures with local carriers. In China, for example, NTT is the only foreign entity to have a 50-50 joint venture service in Beijing—with Beijing Telecommunications Administration—and in Shanghai, with the Shanghai Posts and Telecommunications Administration. In countries where foreign carriers cannot offer telecommunications services, the NTT Group provides consulting and engineering services.

Thanks to its knowledge of both local conditions and global demand, NTT can often arrange for the installation of necessary hardware and the startup of services more quickly than if the customers arrange everything. In addition, all these arrangements can be handled from the customer's home office, wherever it is located, through the NTT Group's worldwide network of companies and affiliates.

**Leading-edge technology**  
NTT continues to demonstrate its technological leadership in the region—and the world. In 1997, NTT played a leading role in establishing the Asian Multimedia Forum, which brings together communications companies from throughout the Asia-Pacific region to establish common standards for the multimedia platforms and services that will lead to the convergence of multimedia technologies. "NTT technology is always state-of-the-art and is constantly under development," says Mr. Ohkubo.

"NTT Arcstar customers won't be left behind the technological curve in a year or two."

Leading-edge technology is especially important when it comes to security. NTT's Arcstar service offers extremely high levels of security with a choice of networking options and products for closed IP networks, intranets and secure Internet-based networks.

A security breakthrough was recently made in encryption technology.

NTT has developed an encryption technology with a product called E2, which is under consideration by the U.S. National Institute of Standards and Technology as a candidate cipher for the Advanced Encryption Standard.

In technical terms, E2 is a symmetric key encryption algorithm, a 128-bit block encryption scheme for commercial use. It marks an important advance in speed and security over current data encryption standards.

This attention to security concerns is just one example of NTT's service orientation. As anyone who has shopped in a Japanese department store or flown on a Japanese airline knows, Japanese standards for customer service are perhaps the highest in the world. Despite the recent deregulation of Japan's domestic communications services market, NTT has maintained its position as the nation's largest telecommunications carrier partly because of its highly rated customer service.

"We are proud of our customer-oriented service," Mr. Ohkubo says.

That level of service starts with reliable operations 24 hours a day, 365 days a year, secured by backup systems that are

automatically activated in case of a mishap. Customer service centers are located in Tokyo, New York, London and Singapore. NTT Arcstar technicians work directly with local carriers to address local problems and make sure networks keep running from end to end, around the clock.

#### Flexibility and customer value

The NTT Group is comprised of group companies, not agents. Located around the world, they are always ready to go to the customer, wherever the services are needed.

NTT Arcstar's communications professionals offer a wide range of services—from consulting on networks and strategies to complete networking solutions—whether a company wants to upgrade its existing network or set up its very first network.

This flexibility extends to actual telecommunications services. Arcstar builds its service around the customer's hardware preferences, as long as the hardware is able to do the required job.

This leaves the final decision on all hardware purchases in the hands of the customer.

Arcstar's menu of services can be tailored to each company's particular needs.

Arcstar Managed Bandwidth, for example, allows companies to pay for wide bandwidth for just a few hours a day. For companies that require wide bandwidth only for specific data communications tasks, this flexibility can result in substantial communications savings.

Service strategies are just one way Arcstar delivers value to



NTT Arcstar: Worldwide network

the customer. Its services are also among the most cost-competitive in the business. The Arcstar Fax Service allows customers to send e-mails and faxes for less. The cost of sending a one-page fax from Japan to the United States, for example, is around one-third less than other leading carriers per charge. NTT's high-speed digital services are priced 20 per-

cent to 30 percent lower than conventional carrier systems.

For companies that take advantage of NTT Arcstar's One-Stop Billing, a single invoice, in a single, specified currency, can be provided to headquarters, regardless of the number of offices connected, where they are located or the variety of services they receive. NTT remains committed to its presence in Asia despite the region's current economic difficulties. Indeed, telecommunications are seen as playing an increasingly important role in the region as the recovery gathers steam.

For global corporations seeking to keep in touch with Asian operations during turbulent times or to be well-positioned as growth resumes, NTT Arcstar offers a telecommunications partnership based on a unique blend of global vision and local expertise.

For further information about NTT and Arcstar services, visit the NTT Web site: <http://info.ntt.co.jp/global>

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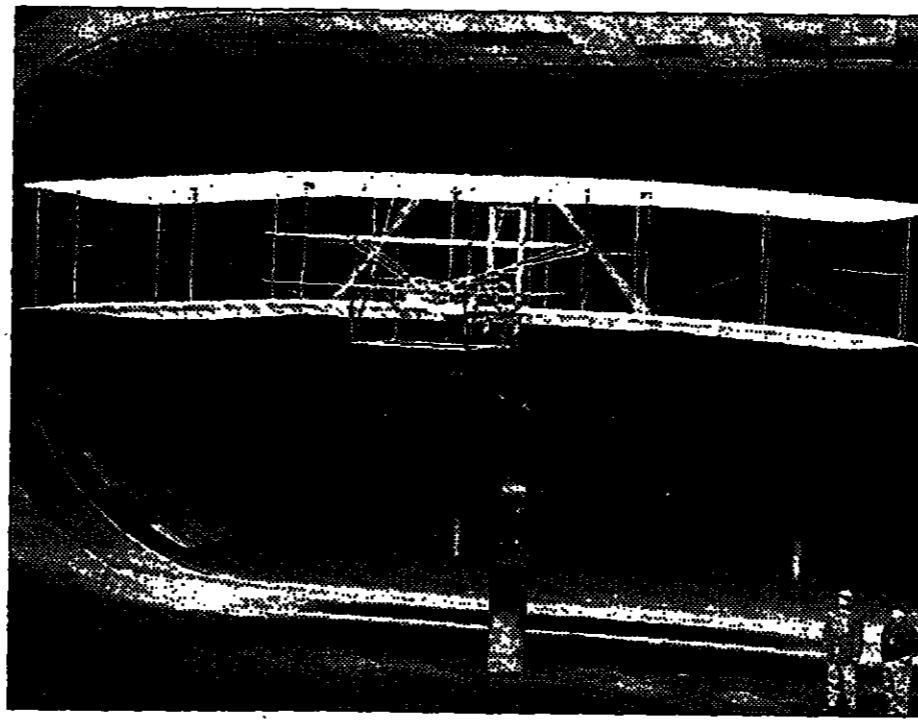
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## TribTech



Workers tinkering with a replica of the Wright Flyer, left, at the Ames Research Center in California. At right, the replica of Orville and Wilbur Wright's aircraft is tested in a NASA wind tunnel at the research center. Engineers want to learn why the original aircraft succeeded in flying in 1903 when many others did not, and airplane enthusiasts are preparing to mark the 100th anniversary of that historic first flight at Kitty Hawk, North Carolina, in four years.



## ALT / Commentary

## A Device to Block Pesky Cell Phones

By John Burgess  
Washington Post Service

**W**ASHINGTON — What an invention, I thought. Surely it will draw cheers and applause all over the world. A company in Israel has developed a white box that sends out radio waves to neutralize cellular phones in a limited area. As long as the box is on, phones within range cannot take calls or make them.

The technology was created for use in the civilian world, but it is something that clearly could be installed in theaters. Just suppose the boxes were installed in churches, libraries or other places where people find their peace of mind violated by other chirping cell phones.

It got me thinking about such a large slice of today's electronic technology exists entirely to defeat other people's electronic technology. That's been true for spies and soldiers for years, of course, but this arms race also figures in what you

call and software that can filter out ads on Web pages are all examples.

Yet because these products and services take aim at other people's productive services, there's often a fight about whether they're legal. Many countries and U.S. states have outlawed the use of radar detectors. You can look now for a similar fight over cell-phone busters.

**T**he cell-phone industry is already on record against the box, in fact. A start-up company in Tel Aviv, Netline Technologies, is trying to solve the problem of rogue cell-phone users, says the Cellular Telecommunications Industry Association, which is agreeing on what is acceptable use of the phones. "What is not — for instance, those signs in theaters that say 'Please switch off cellular phones.'"

Education is needed, said Jeffrey Nelson, a spokesman for the association, but "doing

**M**rs. CULICK, who will be the first of about 10 project members scheduled to fly the plane, said an exact copy of the original Flyer would be too unstable and dangerous to fly, particularly if flown several times.

Although it may upset some purists, he said, the new plane will have weights added in front to make it more stable, as well as more efficient controls, a more powerful engine and subtle aerodynamic changes to make it more flyable.

"We are trying to recreate the impression of the first flight and do it repeatedly with some safety," said Mr. Culick, who will wear a crash helmet and safety harness on his flights.

"We're going to test-fly it before going to Kitty Hawk. We're starting with taxi tests on wheels. This is great fun, but no one wants to get killed doing it."

**V E R Y B R I E F L Y**

## A HOUSE THAT TALKS TO ITSELF: Kitchen computers that take drink orders like "Tea, Earl Grey, Hot" are not just for futuristic spaceship captains anymore.

So-called smart technology, which lets machines communicate not only with humans but with other devices to keep a whole household running smoothly, moved closer to reality as

Motorola Inc. announced plans for a new partnership with the Massachusetts Institute of Technology.

The company donated \$5 million to the university to create the Motorola Digital DNA Laboratory at MIT's Media Lab.

At the new lab, scientists will work on a new wave of smart product applications — such as clothing with labels that can tell a washing machine which cycle to use, or dishwashers that communicate to other appliances about noise levels and energy usage. Such products would improve on appliances that have the capacity to be smart, but are not linked with other machines by a computerized network.

Eventually, when "net-worked" homes are the norm, people will wonder how they ever lived without doors that recognize and open for specific people and thermostats that respond to voice commands, said Nicholas Negroponte, the MIT media lab director.

"The front door can open as it sees you coming with a load of groceries," said Mr. Negroponte, who also serves on Motorola's board of directors. "Or it can let the dog out but not let 10 dogs back in."

**ON-LINE BOOMING:** Japanese companies spent \$8.5 billion more to advertise products and services on the Internet in 1998 from \$6 billion in 1997, said Dentsu Inc., Japan's largest advertising company.

Internet advertising spending rose 11.39 billion yen (\$85 million) in 1998 from 6.07 billion yen in 1997, Dentsu said. (Bloomberg)

**WEB SURFERS IN LATIN AMERICA:** Although Latin Americans spent just \$170 million on the Internet last year, the rush to get online will drive that to \$8 billion a year by 2003, according to Annika Alford, regional analyst for International Data Corp., a research firm.

The number of Latin American Internet surfers is expected to grow to 19 million by them from 4.8 million last year, Miss Alford told the Internet in Channels '99 conference in Newport Beach, California, focusing on computer hardware and software distribution to the region. (Reuters)

**INVESTING IN ULSTER:** User Technology Associates, a Virginia-based company, is investing \$1 million in Northern Ireland to help the province will come the "Hong Kong of Europe."

The U.S. commerce secretary, William Daley, announced the deal at a press conference in Washington attended by First Minister David Trimble of Northern Ireland and Deputy First Minister Seamus Mallon.

User Technology Associates said it would build a facility in Belfast that would employ 110 people within three years.

The business will develop and market sat UTA calls enterprise source planning software, which helps companies integrate such operations as manufacturing, customer service, sales and distribution.

"They hope to bring Belfast as high-skilled/high-wage information technology jobs," Mr. Daley said. (AFP)

**INTERNET FISH:** As a general "fish guy" in New York City, Stratis Morfogen practically grew up in the Fulton Fish Market, watching menicker over seafood.

Auctions of hard-to-get delicacies were long a staple of the wholesale market. So when he heard about the growing popularity of on-line auctions, Mr. Morfogen real-

ized that he could fuse the tension of the professional fish auctions with the fun of "playing along" at home on the on-line audience.

After he first saw the Internet a year ago, Mr. Morfogen decided to build his own site, [fultonstreet.com](http://fultonstreet.com). His father thought he was crazy. Mr. Morfogen, who has a deal to be the "exclusive online fish store" for [fultonstreet.com](http://fultonstreet.com), will start auction packages, including crab legs for two, four-course dinners, and five Maine lobsters. Starting bid: \$7.

**NETLINE COMMUNICATIONS:** Netline Communications says it already has customers in the military and security world, and not only in Israel. Often these customers buy the box for the purpose of preventing information from going out of secure installations or offices.

Now the company is trying to establish its product in the commercial world, with the argument that it is really just a new way to fence off your property.

If someone ignores signs that say cell phones cannot be used on your property, argues Gil Israeli, a vice president of the company, the signal is in effect trespassing. "The property owner's right should extend to limiting this trespass," he said.

But it is not just the property owner's decision. In the United States, for example, the Federal Communications Commission regulates what radio-transmitting devices can and cannot be used. The C-Guard does its stuff by sending out signals, so the cellular phone trade group argues it cannot be sold in the United States without a license.

"The FCC auctions licenses to use the airwaves," Mr. Nelson said. "If a company were to try to run one of these disabling systems, they would effectively be stealing the public airwaves to do that." No application has been filed with the commission to sell it commercially in the United States.

The company is developing variations on the basic product. One allows some cell phones to work and zap others — so, say, the stage manager of an opera house could use a cell phone during a performance but no one else could.

Another focuses on preventing cell phones from putting out any signals at all, in such places as airplanes, where the use of cellular phones is considered a safety hazard because it can interfere with signals to and from the plane.

Meanwhile, some cell-phone makers contend that as time goes by, there will not be a need for the Netline commercial product. They point out that newer cell phones that vibrate rather than ring can have a double benefit: ending concert hall disruption and making sure that calls get through to people in high-noise environments.

Netline's product "is catering to a real need in the market," said Jeff Mandell, North America marketing chief of Ericsson Mobile Phones. "But I think that because of the leadership we are taking in this area, their technology will be somewhat obsolete."

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## TECHNOLOGY INDEX

Technology stock indexes around the world:

	Tuesday close	Pct. change previous week	Pct. change, year to date
North America	490.64	+1.22	+9.22
Pacific Exchange Tech			
S&P Tech Composite	1,275.49	+1.29	+9.19
Europe	640.97	+1.29	+4.99
Morgan Stanley Eurotec			
Asia	1,826.42	+1.29	+18.40
Topix Electric			
Source: Morgan Stanley, Bloomberg News			

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- With the Latest Programs, It's Simple to Become a High-Tech Goldmine in Hungary, March 11
- China May Soon Deal With China to Expand Internet Use, March 11
- Debt Is Allowed to Erase Microsoft icon, March 11
- Allocated to Cut 12,000 Jobs, Mostly in U.S., March 12
- The West Discovers a High-Tech Goldmine in Hungary, March 12
- High-Tech Holdup of the Future, March 12
- China Seeks at U.S. Talk of Restricting High-Tech Access, March 13
- Is the Information Age Making Us Any Wiser?, March 15
- Computer Game Addicts Need a 12-Step Program, March 17

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International Herald Tribune

## BOOKS

**THE SOUND OF SLEAT**  
By Jon Schueler. Edited by Magda Salvesen and Diane Cousineau. Illustrated. 359 pages. \$30. Picador U.S.A. Reviewed by Christopher Lehmann-Haupt

**W**HAT I am trying to do in this book is to write about the man who lives, who suffers, who chooses to paint, who wants to have vision, who suspects more and more that whatever happens, it happens because of forces beyond him as long as he works. He must provide that one force: He must be a man working."

So wrote the American painter Jon Schueler (1916-1992) in a journal entry on April 14, 1978. As "The Sound of Scream" reveals, he had been "a man working" ever since he had taken up painting in 1945, after earning a bachelor's degree in economics (1938) and a master's in English literature (1940) at the University of Wisconsin and after serving in the Army Air Corps in Europe in World War II. The work of painting had carried him into the ranks of New York Abstract Expressionists, which made him a contemporary of artists like Mark Rothko and Jackson Pollock.

But this apparently was not enough for Schueler. He needed something more to allay the loneliness of his work, especially as he was about to fulfill his long-time dream of moving to the Western Highlands of Scotland. "If I am going to be alone," he wrote, "I shall need the word — if only my own on paper."

So in January 1957 he began this book. Work on it went on for some 22 years, until August 1979, 13 years before his death in 1992. In it he put journal entries and personal letters sent and received, anything to create a narrative of his life and an account of his search for artistic freedom. At his death, the manuscript added up to more than 2,700 pages, too many for a single volume.

Friends had read it, including the novelist Russell Banks, who has written an

introduction, and felt strongly that it was worth publishing. So Magda Salvesen, the author's widow, and Diane Cousineau, who had been a friend, cut it, shaped it, wrote a running commentary on its contents and titled it "The Sound of Scream," which is both the body of water next to where Schueler settled in the Highlands and a pun on the sensation that many of his brooding, Tumeresque landscapes evoke.

To read the resulting book is far less confusing than any description of its structure may convey. True, its time sequence is sometimes hard to follow. Framed by the editors' commentary, Schueler's dated journal entries often cover earlier periods of his life, not necessarily in order, so that one gets lost in the narrative. But a benefit is that events viewed from several vantage points spring into three dimensions. Besides, if you get lost, you can always turn back to the straightforward three-page chronology at the start of the book.

The greatest benefit of all is that with cumulative power the entries explain the remarkable experience Schueler underwent upon his arrival at the Sound of Scream, an experience that allowed him to record on canvas his simultaneous sense of rapture in response to the landscape and his apprehension of death.

For many of the pages, Schueler describes the daily tensions of trying to make it as a painter, occasionally pausing to remark on how little these details have to do with the true vocation of the artist and how much of what he complains about is "counterbalanced with great ecstasy, happiness, laughter, humor, love, tenderness, friendship, affection, parties, travel, good times, deep and powerful friendships, loyalties, intellectual and creative stimulation and challenges in the art world of San Francisco and New York as well as in nature and in the studio."

What many of these pages add up to is an absorbingly gossipy portrait of the New York art scene in the 1950s, '60s and

'70s. Then suddenly the author goes back in time to deal with events in his life that are mentioned without comment in the book's introductory chronology but that strike you as time bombs ticking away.

Among these are his mother's death when he was 6 months old and the fact that he didn't learn of this until he was 12; his hospitalization during the war and "medical retirement" in February 1944; the extraordinary number of women in his life, some of whom he was married to briefly, and finally his seemingly sudden decision to leave New York for Scotland. As he explores these matters in detail, they sometimes remind you of the shocking end of Joseph Heller's "Catch-22," where Yossarian finally reveals what happened to "the Snowdens of yesteryear." The details of his past also reveal what Schueler was after in his paintings, down to the decision to place his horizons low on the canvas, as if one were viewing the landscape from the vantage of a B-17 navigator on a bombing run.

The book ends on a note of modest triumph so far as Schueler's career is concerned, with his 1973 show at the Whitney Museum of American Art, with substantial sales of his paintings and with his dealer, Ben Heller, telling him: "I think you are one of the leading American painters. But few people know this. We have to do something to make your name known."

A clearer sense of his power as a painter is conveyed by the two dozen color plates in the volume and by an anecdote Schueler records about a man who came to him during an exhibition of his work in the Highlands and described how his wife, who had lost her sense of color during a severe nervous breakdown, regained it from looking at his paintings. After experiencing Schueler's movingly honest struggle to channel those "forces beyond him" onto the canvas and into these pages, one can sense what peeled the grayness from that woman's eyes.

New York Times Service

## BRIDGE

**By Alan Truscott**  
**I**N NORTH AMERICA, major team events are invariably knockouts, with half the players departing after each round. At world level, teams start in round-robin pools leading to knockout playoffs. The Dutch have a different idea, which keeps everyone busy until the finish. At the Forbo Teams played in The Hague during the last weekend in February. 64 teams were divided into round-robin pools of eight. The eight winners and runners-up went into a Swiss-system final, and the rest into round-robin groups according to their standing.

The overall winners were a young Dutch team consisting of Schelte Wijma, Jaap Bruijnen, Hans de Vriind and Frans ten Brink. Half the teams were Dutch, and they performed convincingly, while many of the foreign invaders had a hard time. The only American team, a women's foursome consisting of Kathie Wei, Betty Ann Kennedy, Juanita Chambers and Irina Levinson, finished 31st and a favored squad including Gabriel Chagas and Zia Mahmood was 42d.

Jiali Tuwanakota, the captain of the Dutch team that placed second, helped his cause with skillful play on the diagrammed deal against an Italian squad. He was South, and arrived in an optimistic four-spade contract after West had overcalled in diamonds and East had doubled one heart to show moderate high-card strength.

The diamond king was led, and after winning with the ace South led his singleton heart.

The eight, nine and jack were played, and East forced dummy to ruff by returning a diamond. The heart king was led, and East's ace was ruffed. This removed West's queen, and the rest was easy: South cashed the ace and king of spades and played a heart winner. Notice that it would not have helped East to hold up his heart ace when the king was led. South would have cashed the ace and king of spades before playing the heart 10 to ruff out the jack.

The bidding:

WEST EAST  
4 15 4 Q 10 3  
Q 9 8 A 7 6  
4 K 5 6 5 2 A 8 7 2  
4 A 16 4 J 8 2  
SOUTH  
4 A 7 2  
Q 10 9 8 7 6 5 4  
4 K 5 6 5 2 A 8 7 2  
4 A 16 4 J 8 2  
North and South were vulnerable.

The bidding:

South West North East  
1 4 Pass 4 4 Pass  
Pass Pass

West led the diamond king.

# Who's the dot in .com?

Everyone's more than little familiar with ".com".  
How about the company behind the dot? At Sun, everything we make, everything we do (and have always done) is about launching companies into the Network Age.

And that's what the dot in .com is all about.

Our scalable enterprise servers power the Net from the workgroup to the data center. And as information expands on the Net, our open network storage systems expand along with it.

Our Java™ software is becoming the de facto standard platform for Net-based computing. Our Jini™ technology is further simplifying computing on the Net, enabling a world where all kinds of consumer devices connect to the Net—and to one another.

Solaris™ is the 64-bit enterprise software environment for the Net, delivering the strength and safety of a mainframe with the ease of use of a PC.

Our UltraSPARC™ 64-bit processor is what you might call the high-performance engine behind the Net. And our service, support and consulting experts tailor solutions for moving your company to the Net, and getting the most out of it.

Suffice it to say, there's a lot going on behind the dot in .com.

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مكتاب المدخل

## Signs of Health In Latin America

### Brazilian Markets Stage Cautious Rally

By Simon Romero  
New York Times Service

**SAO PAULO** — After spending much of 1999 straddling the line between pessimism and panic, Brazilian markets are staging a cautious rally that may be the first sign that the economy, Latin America's largest, is starting to break out of recession.

The benchmark Bovespa stock index, the main barometer of investor sentiment, moved Tuesday into positive territory for this year when measured in dollar terms. And when measured in the Brazilian currency, the real, stocks have risen nearly 57 percent in two and a half months.

On Wednesday, the Bovespa index slipped 23.63 points, or 0.22 percent, to 10,634.76 points. But the index increased 2.35 percent Tuesday, following an 8.77 percent gain Monday.

The real, which spent much of January and February battered by concern over a possible return of hyperinflation in Brazil, has strengthened nearly 15 percent in the past two weeks. On Wednesday afternoon, the dollar was trading at 1.87 reals.

The improvement is partly a result of investor optimism after pledges by foreign financial institutions to renew credit lines totaling about \$23 billion to Brazilian borrowers over the next six months. The foreign banks acted after pleas by the new president of Brazil's central bank, Arminio Fraga.

Lending rates, though, remain extremely high by world standards. On Tuesday, Bloomberg News reported, the overnight futures contract for May rose to 42.06 percent from 41.49 percent on Monday. Bonds were mixed, with the widely traded C bond yielding 16.04 percent.

But the signs that inflation may not be accelerating as fast as was feared have helped alleviate some investor concerns.

"We're witnessing a shift in sentiment from very dark forecasts to a scenario of a long, slow recovery," said Octavio de Barros, chief economist in São Paulo for Banco Bilbao Vizcaya. Mr. de Barros, like most other economists at large banks, said he saw the brunt of

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See REAL, Page 21

## Foreign Investors Relishing Mexico

By Julia Preston  
New York Times Service

**MEXICO CITY** — The menu was eggs with hot chili sauce, and the mood had a certain zing as well.

Top executives from foreign companies had breakfast Tuesday with President Ernesto Zedillo and told him that they planned to spend \$10 billion this year on factories and other projects in Mexico, matching direct foreign investment last year despite continuing uncertainties about Latin America.

A chipper speech by Mr. Zedillo and the satisfied applause of his audience showed how far Mexico had come in its efforts to separate itself in international investors' minds from other, more troubled Latin countries since economic crisis shook much of the region last year.

Foreigners' preference for Mexico has been felt in the stock and currency markets as well as in longer-term investments. Recently, the demand for pesos from investors has lifted the Mexican currency to levels not seen since before the global economy began to waver last year.

As financial chaos reigned in Ecuador, the Mexican peso rose Wednesday to its highest level in seven months, with the dollar falling to 9.67 pesos.

The stock market here has also continued to climb. The benchmark index has gained 48 percent since Brazil's currency, the real, suffered a steep devaluation in January, setting off a new round of worries about Latin American markets.

Mexico has attracted investors' attention because of the combination of disciplined fiscal policies enforced by Mr. Zedillo, a Yale-trained economist, and close ties to the thriving U.S. economy, which absorbed more than four-fifths of Mexico's exports last year.

"Mexico is a clear safe haven" for stock market investors, said Michael Gavin, director of Latin American research at Warburg Dillon Read. "Most investors know

See PESO, Page 21

## CURRENCY RATES

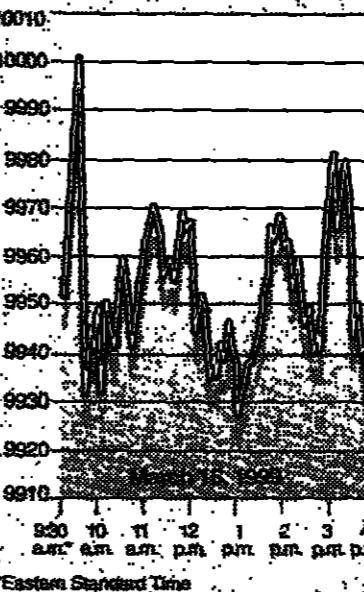
Cross Rates									
S	E	SF	Yen	CS	Dane	Greek	Swede		
1.6296	—	2.3452	192.97	2.4774	11,000.2	475.39	13,255		
—	1.6205	2.4514	178.17	1.5214	6,779.7	292.00	8,186		
118.00	192.22	81.13	—	77.34	17.43	N.L.	14.43		
1.5214	2.4805	1.0489	1.2897	—	0.2253	0.5214	0.1865		
1.4482	2.3616	—	1.2355	0.9515	21.4732	0.4677	0.1777		
1.0966	1.6744	1.5987	130.18	1.4485	7.4917	321.18	8.978		
1.3645	1.8415	2.007	140.604	2.084	9.3249	402.413	11.2404		
neuro	neuro	neuro	neuro	neuro	neuro	neuro	neuro		
neuro	neuro	neuro	neuro	neuro	neuro	neuro	neuro		

Euro Values									
Fixed rates of the EMU member currencies, for one euro:									
10.2300	10.2300	10.2300	10.2300	10.2300	10.2300	10.2300	10.2300	10.2300	10.2300
10.2399	10.2399	10.2399	10.2399	10.2399	10.2399	10.2399	10.2399	10.2399	10.2399
10.2477	10.2477	10.2477	10.2477	10.2477	10.2477	10.2477	10.2477	10.2477	10.2477
10.2587	10.2587	10.2587	10.2587	10.2587	10.2587	10.2587	10.2587	10.2587	10.2587
10.2588	10.2588	10.2588	10.2588	10.2588	10.2588	10.2588	10.2588	10.2588	10.2588



### The Dow's Historic Day

The Dow Jones industrial average passed 10,000 shortly after opening Monday but failed to close above that point.



**WALL STREET MANIA** — Traders celebrating at the New York Stock Exchange after the Dow Jones industrial average passed 10,000 points. But investors may be so fixated on Wall Street that they are missing opportunities in the rest of the world. Page 24.

## Olivetti Sets Big Job Cuts For Telecom

**If Bid Succeeds, It Vows To Cut Key Rates by 70%**

Compiled by Our Staff From Dispatches

**MILAN** — Olivetti SpA unveiled plans Wednesday for nearly 20,000 job cuts at its takeover target, Telecom Italia, and vowed to slash long-distance phone tariffs by up to 70 percent if it wins Europe's largest takeover battle.

Presenting a plan it hopes will knock down Telecom Italia's defenses to its \$58 billion bid, Olivetti also attacked its target's proposal to merge with its cell phone unit, Telecom Italia Mobile SpA, and said it would instead look for European alliances for the company, which is 60 percent-owned by Telecom Italia.

Olivetti said it would lay off 13,000 employees at Telecom Italia's fixed-wire telephone network over three years and press ahead with plans to cut 6,500 jobs from Telecom Italia's noncore businesses. The noncore units — ranging from cable suppliers to insurance — account for 35,000 of Telecom Italia's 126,000 employees.

Unlike Telecom Italia, Olivetti considers some of these operations so weak they could not be sold off without first being nursed back to health.

Olivetti said it had not decided what to do with Stream SpA, the unprofitable digital television unit. Telecom Italia wants to sell after failing to strike a deal with the media tycoon Rupert Murdoch.

The job cuts are less than the 40,000 Telecom Italia was reported this week to be considering in its plan to fight off Olivetti, but the proposed tariff cuts are steeper than the 50 percent reduction announced last week by Franco Bernabe, the head of Telecom Italia.

Sticking as expected with his bid price of 10 euros per Telecom Italia share, the managing director of Olivetti, Roberto Colaninno, told investors he would slash the former monopoly's operating costs by 4.5 trillion lire (\$2.54 billion) by 2002 and make investments worth 2.65 trillion lire in the following two years. Bringing Telecom Italia's costs into line with European rivals would mean cuts of 20 percent, he added.

Olivetti dismissed as "stupid" its target's plans to use a stock swap to buy out the minority shareholders of TIM. Mr. Colaninno instead proposed seeking alliances across Europe for the unit and said he expected basic operating earnings in the mobile sector to grow by 10 percent a year instead of the 4 percent growth predicted for the company's fixed-wire telephone network.

"TIM should become an attacker in the European market," he said, assuming a pan-Continental role.

Olivetti also sought to woo Telecom Italia's many savings-oriented shareholders by saying it would maintain dividends and by promising to buy back some shares.

Mr. Colaninno said TIM's sales would rise 6 percent a year for the next three years. But fixed-line sales will be unchanged in that period, he said, and sales at such Telecom Italia manufacturing operations as Sirti and Italtel will decline.

Olivetti plans to bring these manufacturing units to the "minimal levels of competitiveness" before selling them off, the company said. Telecom Italia's plan called for selling all noncore activities by next year.

(Reuters, Bloomberg)

## Goldman's Staff to Gain in Public Offering

**In Rare Move, Securities Firm to Share the Wealth With Secretaries and Janitors**

By Joseph Kann  
New York Times Service

**NEW YORK** — A secretary plans to buy a summer home. A 36-year-old banker is already pondering retirement.

Chalk it up to stock — not the stocks of the Dow Jones industrial average, but stock in Wall Street's last big private partnership, Goldman, Sachs & Co., which detailed its plans to go public Tuesday and offered a glimpse of how it plans to divide about \$21 billion in projected net worth.

In Wall Street legalese, substantially all of Goldman's 13,000 employees will get a stake in the blue-chip investment bank when it sells shares this spring. The general partners who currently own the firm will get substantially more — the average value of their shares will reach about \$50 million. But employees below that level will share a \$4 billion windfall — secretaries, janitors and word-processing clerks included.

"It's not like winning the lottery: We earned it," insisted a corporate secretary at Goldman's beige-stone headquarters almost across the street from the New York Stock Exchange.

"But it's a little like the lottery, I guess, because it's not the kind of pay you get everyday."

Not on Wall Street, anyway. Though many of the Internet start-up companies that go public these days turn their founding employees into overnight millionaires, Goldman is the first securities firm, and one of the few companies in history, to share the spoils from a public offering with employees who have no ownership stake. It is sharing 20 percent of the firm's estimated value, according to details provided in the registration statement that the firm filed Tuesday with the Securities and Exchange Commission.

Under this share-the-wealth formula, a secretary in Hong Kong who took home \$40,000 last year and has worked at the firm for five years

will get a stock bonus valued at about \$25,000, some of it in shares that cannot be sold right away. A newly hired New York janitor might get \$10,000. One rising banker who earned half a million last year said he expected to receive Goldman stock and options valued at about \$1 million, though payments have yet to be finally determined.

Partners, of course, will see their stakes increase much more. Even the most junior of Goldman's 221 partners, including 58 promoted only three months ago, will have shares valued at about \$20 million if the public offering goes as planned, people familiar with Goldman's plans said. The most senior partners, led by Henry Paulson Jr., the chief executive, will see their stakes rise to more than \$150 million.

Goldman employees were not exactly clicking their heels as they knocked off work for the day Tuesday. But many had trouble suppressing smiles despite the firm's blanket ban on indulging the press, especially when it comes to the coming public offering.

"We got lucky," said one young banking associate, smoking a cigarette as he picked out his chauffeured sedan from the line of black cars outside headquarters. "I just wish I got here a few years earlier," he said, explaining that those with longer tenure will get a bigger slice of the pie.

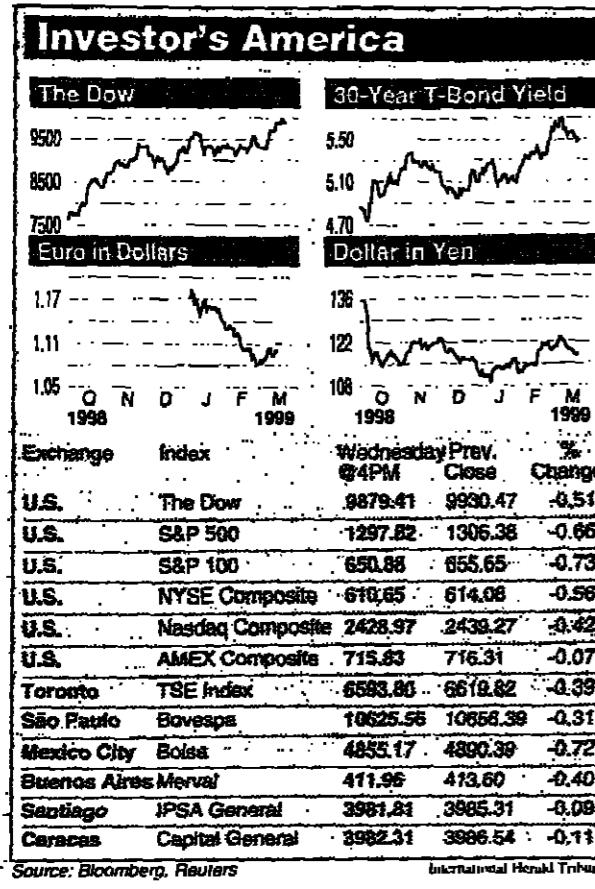
Goldman is the only major Wall Street firm that bucked the trend to go public in the 1970s and 1980s. Partners there said over and over that they did not want to sell shares because that would risk diluting the firm's famously aggressive culture. Even more than other securities firms, Goldman is known for keeping its bankers on call most hours of the day and night and elbowing its way to the top of the rankings in the

See SACHS, Page 20

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## THE AMERICAS



## Phone Deal Would Create Internet-Based Network

Compiled by Our Staff From Dispatches

**HAMILTON**, Bermuda — Global Crossing Ltd., a phone company that went public in August, agreed Wednesday to buy Frontier Corp., a phone and data company, for \$1.5 billion in stock and debt, giving it Internet access and voice and data services across the United States.

If the deal is completed, the companies will have combined revenue of more than \$4 billion, a stock-market value of nearly \$30 billion and more than 8,500 employees.

With Frontier, Global Crossing will have the first global network based on the technology used in the Internet, which is more efficient than traditional telephone network technology.

The Global Crossing network will include 71,000 miles (114,300 kilometers) of fiber-optic cable that will provide services to 159 cities in 20 countries.

Frontier shareholders will receive \$62 per share in stock if Global Crossing shares trade between \$34.56 and \$56.78 before completion of the transaction. Global Crossing will assume \$1.3 billion in debt. The price is 39 percent more than the closing price Tuesday for Frontier shares.

Frontier stock closed Wednesday at \$50.875, up \$6.25, while Global Crossing slumped \$4.375 to \$47.125.

The acquisition of the local and long-distance service provider Frontier, based in Rochester, New York, expands Global Crossing beyond being a builder of fiber-optic cables for use by Deutsche Telekom AG and others.

It is the latest step by Global Crossing, which first sold shares at \$19 each and hired Robert Annunziata away from AT&T Corp. three weeks ago to be its chief executive, in its bid for worldwide reach.

"It creates a real powerhouse with a global network," said Leslie Stonestreet of NationsBanc Montgomery Securities Inc. "Global Crossing has the international scope which Frontier was lacking."

Global Crossing said the Frontier purchase would add to its operating cash flow immediately. The transaction is expected to be completed in the third quarter. The company needed a nationwide U.S. voice and data network to compete against global players such as AT&T.

Global Crossing shareholders will own two-thirds of the combined company. The acquisition is the latest example of a smaller phone company buying a bigger rival with operations across the United States. WorldCom Inc. completed its acquisition of MCI Communications Corp. last year, while Qwest Communications International Inc. bought LCI International Inc. last year. (Bloomberg, AP)

## Slump in Drug Stocks Gives Reality Check to Big Board

Compiled by Our Staff From Dispatches

**NEW YORK** — U.S. stocks fell Wednesday, a day after the Dow Jones industrial average briefly topped 10,000 for the first time.

"Emotionally, people had targeted 10,000 as their goal for the market, so they had selling planned when the market reached that level," said Ned Riley, chief investment officer at BankBoston Corp.

The Dow Jones industrial average closed 51 points lower at 9,879.41. The Standard & Poor's 500 index fell 8.56 points to 1,297.82. The Nasdaq composite index was down 10.30 at 2,428.97. Sixteen stocks fell for every 13 that rose on the New York Stock Exchange.

Ell Lilly led drug stocks lower, falling 5 5/16 to 88.84 after analysts at SG Cowen & Co. said 1999 sales of the company's best-selling drug, Prozac, would be lower than expected.

Investors are wary of any bad news about earnings as the quarter draws to a close.

"A lot of very seasoned people are seeing that the market has some valuation problems," said Charles Pradilla, chief investment strategist at SG Cowen. "The market's up 10 percent, and interest rates are up almost 1 percent — something has to shift."

Among other drugmakers, Merck fell 1% to 84 and Pfizer slipped 1% to 140.4.

"Considering these top-line stocks have

been priced to perfection, any kind of flaw or imperfection would undermine the group in the short term," said Mr. Riley.

But other heavy machinery stocks gained on expectations that rising prices for equipment and an increase in orders would help profit. Caterpillar rose 3 1/16 to 47 1/16.

Traders warned of volatile movement before Friday's "triple witching," the simultaneous expiration of stock options, futures

### U.S. STOCKS

and options on futures, as investors buy and sell stocks and options to reverse earlier bets.

Stocks paraded losses after a report gave more evidence that the U.S. economy was still growing without igniting inflation.

The Federal Reserve's latest regional economic survey, known as the beige book, cited rising consumer spending, vehicle sales, manufacturing, construction and business lending as proof that the eight-year economic expansion continues while inflation remains at bay.

U.S. bond prices fell for the first time in four days on concern that \$15 billion of debt sales from AT&T and other companies in coming days will draw demand from Treasuries. The benchmark 30-year U.S. bond fell 14 3/2 to 96 8/32 as the yield rose to 5.50 percent from 5.47 percent. (Bloomberg, AP)

### Very briefly:

• Hughes Electronics Corp., a General Motors Corp. subsidiary, will invest \$1.4 billion in the first system of its Spaceway global broadband satellite to provide high-speed telecommunications.

• Chile's gross domestic product contracted 1.8 percent in January from a year earlier, as high interest rates choked sales at retailers and led manufacturers to slash output.

• Intel Corp.'s settlement of charges it used its power as the top chipmaker to extract trade secrets from customers was formally approved by the Federal Trade Commission on a 3-to-0 vote, with one commissioner absent. The consent decree forbids Intel from withholding key technological data in retaliation against customers who bring patent infringement lawsuits.

• The New York Mercantile Exchange elected Daniel Rapaport to a fourth two-year term as chairman.

• Eastman Kodak Co. is selling its photocopying unit to Heidelberg Druckmaschinen AG of Germany, ending its foray into the copier business. But the two companies plan to expand their existing joint venture, NexPress, with Kodak providing research.

Reuters, AP, Bloomberg

### UT to Sell Its Automotive Unit

Compiled by Our Staff From Dispatches

**NEW YORK** — United Technologies Corp. is selling its automotive division to Lear Corp. for \$2.3 billion, beating a rival bid from investment firm, Blackstone Group.

Lear is one of the largest suppliers of automotive interiors. The Southfield, Michigan, company makes the doors, carpets and seats that go into millions of cars and trucks every year. But, until now, Lear was missing one piece — instrument panels.

United Technologies is a conglomerate that makes everything from elevators to aerospace equipment. The company does not have enough business to compete in the rapidly consolidating parts suppliers industry. (Bloomberg, AP)

### U. S. STOCK MARKET DIARY

#### Wednesday, March 17

##### Indexes

Dow Jones  
High 13,113  
Low 12,971  
Chg. +142

Nasdaq  
High 2,000  
Low 1,950  
Chg. +50

Standard & Poor's  
High 1,297.82  
Low 1,267.82  
Chg. +30

NYSE  
High 1,011.13  
Low 996.71  
Chg. +15

Composite  
High 1,011.13  
Low 996.71  
Chg. +15

Small Stocks  
High 1,011.13  
Low 996.71  
Chg. +15

Finance  
High 1,011.13  
Low 996.71  
Chg. +15

SP 500  
High 1,211.13  
Low 1,192.29  
Chg. +18.84

SP 700  
High 837.03  
Low 825.84  
Chg. +11.19

NYSE  
High 1,011.13  
Low 996.71  
Chg. +15

Nasdaq  
High 2,000  
Low 1,950  
Chg. +50

Standard & Poor's  
High 1,297.82  
Low 1,267.82  
Chg. +30

Composite  
High 1,011.13  
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Low 996.71  
Chg. +15

SP 500  
High 1,211.13  
Low 1,192.29  
Chg. +18.84

SP 700  
High 837.03  
Low 825.84  
Chg. +11.19

NYSE  
High 1,011.13  
Low 996.71  
Chg. +15

Nasdaq  
High 2,000  
Low 1,950  
Chg. +50

Standard & Poor's  
High 1,297.82  
Low 1,267.82  
Chg. +30

Composite  
High 1,011.13  
Low 996.71  
Chg. +15

Small Stocks  
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Low 996.71  
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## EUROPE

## Renault-Nissan Plan Leaves Some Doubters

Compiled by Our Staff From Dispatches

**PARIS** — Renault's and Nissan Motor Co.'s shares fell Wednesday on uncertainty over the prospects for success of an alliance between the second-largest carmakers in Japan and France.

Renault shares closed down 6.2 percent, or 2.07 euros, at 31.40 euros (\$34.23) on Wednesday. It made an offer Tuesday to buy 35 percent of Nissan, a stake valued at about \$4 billion.

Nissan's shares fell 1.7 percent, or 8 yen, to 465 yen (\$3.96) in heavy trading in Tokyo.

Nissan said the two companies would enter exclusive talks that could lead to an alliance by the end of the month. A deal would create the world's fourth-largest automaker and make Renault the first

European company to invest in a major Japanese carmaker.

Consolidation of Nissan as an associate would shave more than 1.5 billion francs from Renault's profit before financing costs, Renault's share of losses and possible goodwill, said Olivier Pouteau, an analyst at CPM Finance in Paris.

Analysts said Renault had a lot of work ahead of it if it expected to help the Japanese carmaker dig out from under 4.3 trillion yen in consolidated debt and restore profit.

"Though the move is charged with risk, the opportunity is unique," Mr. Pouteau said. "Had Nissan possessed a flourishing balance sheet, Renault would never have considered such a tie-up."

Speaking to reporters in Paris after a weekly cabinet meeting, Fi-

nance Minister Dominique Strauss-Kahn of France said the plan was "a major opportunity" for Renault.

The question is whether Nissan's management will block cost-cutting steps — such as closing factories, cutting parts costs and slashing the number of models Nissan offers — that analysts say are necessary to turn around the Japanese automaker.

Nissan expects to report a group net loss of 30 billion yen in the year to March 31, its sixth loss in seven years and more than double last year's 14 billion yen loss. It forecasts sales of 6.4 trillion yen, down 2.5 percent from the previous year.

Nissan said Renault's bid included a possible stake in its Nissan Diesel Motor Co. truck unit.

"Until we get something more

definite, there's no reason for Nissan shares to go up beyond what they went up to yesterday," said Jeremy Tonkin, an auto analyst at Town Securities Co.

Nissan's shares gained 18 percent in the two days before Wednesday. Meanwhile, three credit-rating agencies sent signals of doubt about the talks.

Standard & Poor's Inc. put debt issued by Renault and its subsidiaries on watch with negative implications on Wednesday, while the European agency Fitch IBCA put Renaut Credit International debt on watch with negative implications. Moody's Inc. downgraded the outlook for its rating of Baa for main debt carried by Renault and its subsidiaries from positive to negative.

(Bloomberg, AFP)

## KPN Warns On '99 Profit

Compiled by Our Staff From Dispatches

**AMSTERDAM** — KPN NV said Wednesday that earnings rose 5 percent in 1998 "but warned that profit this year would decline because of adverse regulatory rulings and increased competition."

KPN, the top Dutch telecommunications provider, posted profit from ordinary operations last year of 2.04 billion guilders (\$1 billion), against 1.94 billion guilders in 1997, and net income of 1.52 billion guilders.

But it said profit from ordinary operations this year was likely to fall to 1.6 billion guilders. KPN's shares closed down 2.95 euros at 37.50 (\$41.22).

Like other former European phone monopolies, KPN's earnings have been eroded by tougher regulation and increased competition. The Netherlands is now home to five mobile-phone companies, and the regulatory agency OPTA has dogged KPN since the market was opened to competition last year.

"They're stuck with too-high prices for too long," Peter Wortel of Delta Lloyd Bank said. (Reuters, Bloomberg)

## REAL: Brazil's Markets Are Showing Signs of a Rebound

Continued from Page 19

Brazil's economic difficulty occurring in the first half of the year, with a recovery, if an anemic one, starting late this year or early in 2000.

The willingness of banks to keep lending to some companies comes after the government's plan to narrow the budget deficit was endorsed last week by the International Monetary Fund. The IMF agreed to provide a \$9.3 billion installment from its \$41.5 billion aid package, some of which the central bank can spend to combat currency speculation.

The Brazilian currency, though

recently improved, has lost 35 percent of its value since the government abandoned market support for it two months ago. Yet the severity of the recession brought on by devaluation is a main reason some analysts foresee resumed growth so soon. Lower economic activity — with economists forecasting output to shrink as much as 6 percent in the first quarter — should translate into lower consumer demand for most goods, keeping inflation in check.

The likelihood that inflation will not gallop out of control as it did in the early '90s, when price increases of 60 percent month were common, allows consumers and compa-

nies to plan more comfortably.

Still, it is too early to tell whether the new optimism on trading floors foretells any change in the bleak economic reality.

## ■ Confidence in Program

Financial officials and private bankers expressed growing confidence in Brazil's economic reform efforts. The Associated Press reported from Paris.

"We are confident that Brazil is on the right track and that their program is credible and strong," the president of the Inter-American Development Bank, Enrique Iglesias, said at the end of the group's annual meeting.

Continued from Page 19

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Herminio Blanco Mendoza, the commerce minister, said that in the five years since the North American Free Trade Agreement went into effect, Mexico had received \$57 billion for long-term projects, becoming second only to China among developing countries in this kind of foreign investment.

Mr. Leissner, president of Volkswagen de Mexico SA de CV, said the company planned to in-

crease production this year by 55 percent compared with 1997 levels and to raise exports by 60 percent. It has invested \$1 billion in its plants in the state of Puebla to build the new Beetle.

Mr. Leissner said that the North American trade pact and a similar one that Mexico is negotiating with Europe have made auto exports much easier, allowing Volkswagen's Mexican operation to "join the major leagues of our industry Congress and moved more slowly on fiscal reform.

Mr. Zedillo got a much warmer reception from foreign executives Tuesday than he did from Mexican industry leaders he met with Thursday. Mexican businesses remain hampered by a lack of credit and are wrestling with declining export sales because of the peso's strength.

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NYSE

**Wednesday's 4 P.M. Close**

The 2,300 most traded stocks of the day.

**Nationwide prices not reflecting late trades elsewhere**

Continued on Page 21

## هذا من الأشياء

**NASDAQ**

**Wednesday's 4 P.M.**  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

**NYSE**

**Wednesday's 4 P.M. Close**  
**(Continued)**

12 Month Low Stock	Div	Yld	PE	52 100s-High		Low-Latest	Close
				High	Low		
572	351	PHLD	pe	3.98	7.5	300	457
1027	42	PHLD	pe	5.68	13	411	458
174	1	PHLD	pe	1.57	1.5	451	458
227	277	PHLW	pe	1.25	1.25	46	50.5
154	55	PHLW	pe	1.5	2.4	100	115
124	52	Phosph	pe	2.26	2.7	35	35
244	277	Phosph	pe	1.38	4.5	11	5.57
204	61	Phtr	pe	1.1	1.5	87	81
104	84	Phtr	pe	0.85	0.85	185	185
254	139	Phtr	pe	0.8	1.3	85	85
97	197	Phtr	pe	0.75	1.3	100	100
149	124	Phtr	pe	1.21	2.4	74	112
44	356	Phtr	pe	1.3	2.4	82	9
424	204	Phtr	pe	0.6	1.1	222	205
274	5	Phtr	pe	0.6	1.1	31	31
713	447	Phtr	pe	1.02	1.4	31	31
141	224	Phtr	pe	0.75	1.2	12	12
99	14	Phtr	pe	0.75	1.2	105	105
178	124	Phtr	pe	0.75	1.2	68	105
17	54	Phtr	pe	0.95	1.7	20	115
476	304	Phtr	pe	0.95	1.7	100	100
284	118	Phtr	pe	0.75	1.1	1	1
174	104	Phtr	pe	0.75	1.1	1	1
344	237	Phtr	pe	1.28	1.28	100	100
404	311	Phtr	pe	0.4	1.4	82	82
319	15	Phtr	pe	0.4	1.4	157	157
394	242	Poland	pe	0.5	2.5	80	124
457	164	Poland	pe	0.5	2.5	100	100
574	201	Poland	pe	0.5	2.5	364	214
314	157	Poland	pe	0.5	2.5	1158	204
334	740	Polgy	pe	0.5	1	1	1
164	374	Polgy	pe	0.5	1	1	1
404	374	Polgy	pe	0.5	1	1	1
52	361	Polgy	pe	0.5	1	1	1
874	624	Polgy	pe	1.44	1.44	245	245
264	31	Polgy	pe	1.44	1.44	54	54
274	43	Polgy	pe	1.44	1.44	245	245
334	304	Polgy	pe	1.44	1.44	245	245
464	374	Polgy	pe	1.44	1.44	245	245
524	374	Polgy	pe	1.44	1.44	245	245
124	114	Polgy	pe	1.44	1.44	245	245
134	244	Polgy	pe	1.44	1.44	245	245
144	474	Polgy	pe	1.44	1.44	245	245
55	14	Polgy	pe	1.44	1.44	245	245
164	184	Polgy	pe	1.44	1.44	245	245
74	24	Polgy	pe	1.44	1.44	245	245
244	52	Polgy	pe	1.44	1.44	245	245
274	12	Polgy	pe	1.44	1.44	245	245
314	4	Polgy	pe	1.44	1.44	245	245
714	1	Polgy	pe	1.44	1.44	245	245
15	64	Polgy	pe	1.44	1.44	245	245
174	159	Polgy	pe	1.44	1.44	245	245
214	214	Polgy	pe	1.44	1.44	245	245
174	84	Polgy	pe	1.44	1.44	245	245
184	164	Polgy	pe	1.44	1.44	245	245
374	244	Polgy	pe	1.44	1.44	245	245
124	84	Polgy	pe	1.44	1.44	245	245
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174	159	Polgy	pe	1.44	1.44	245	245
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184	164	Polgy	pe	1.44	1.44	245	245
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134	244	Polgy	pe	1.44	1.44	245	245
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244	52	Polgy	pe	1.44	1.44	245	245
274	12	Polgy	pe	1.44	1.44	245	245
314	4	Polgy	pe	1.44	1.44	245	245
714	1	Polgy	pe	1.44	1.44	245	245
15	64	Polgy	pe	1.44	1.44	245	245
174	159	Polgy	pe	1.44	1.44	245	245
214	214	Polgy	pe	1.44	1.44	245	245
174	84	Polgy	pe	1.44	1.44	245	245
184	164	Polgy	pe	1.44	1.44	245	245
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## Wary of Dow Mania, Savvy Investors Turn an Eye to European Stocks

Washington Post Service

WASHINGTON — All eyes are trained this week on the Dow Jones industrial average, which broke through the 10,000-point level Tuesday, though only for a short time before closing lower.

But a more important rally was occurring in — of all places — Japan.

The Nikkei 225-stock index jumped 2 percent, penetrating the 16,000-point level for the first time since last August. (It peaked at 38,916 nine years ago.) Since March 2, Japanese stocks have risen more than 15 percent — the best performance in the developed world.

No, this isn't another

column touting Japanese stocks. Instead, it is a warning not to be caught up in Dow 10,000 mania at the expense of foreign stock holdings. David Malpass, chief international strategist for Bear Stearns & Co., has identified what he calls "signs of life abroad" — not just in Asia but in Latin America and Europe, too.

In fact, Europe holds the most potential. Last year, markets in Italy, Spain and France all beat the 29 percent returns of the Standard & Poor's 500-stock index — and markets in Germany equaled it.

One reason was euro euphoria — enthusiasm over the advent of a single currency for 11 countries. A recent report from Sanford C. Bernstein & Co. said, "Competing in this vast new market will be a challenge for European companies accustomed to coddled domestic markets, and many have responded by embracing bold, American-style measures to enhance efficiency and emphasize profits."

Europe's companies are merging, downsizing and selling off superfluous businesses. "Moreover," according to Bernstein, "they've begun paying much closer heed to shareholders' interests, in part because they've become much more dependent on global capital markets." Companies are even linking the pay of managers to profit performance — a radical idea in Europe.

Still, big questions remain.

JAMES K. GLASSMAN /ON INVESTING

other packaged foods and beverages; Total SA, oil and gas; and AXA SA, insurance.

Of course, you don't need to be able to pick stocks to benefit from European growth. Bob Carlson, editor of Retirement Watch newsletter, advises buying Vanguard International Equity Index European Fund, with an expense ratio of only 0.3 percent. Sheldon Jacobs, editor of the No-Load Fund Investor, recommends T. Rowe Price European Stock, the lowest-risk fund concentrating in the region. Value Line gives its highest ranking to Chase Vista European, Invesco International European and Fidelity Europe.

Mr. Bernstein cites the French company Vivendi SA, which has interests in electricity, energy and water services. It is motivating employees through stock options — an innovation in Europe. Vivendi, once known as Compagnie Generale des Eaux, trades on U.S. markets as an American depositary receipt.

Another question is whether Europe, with Social Democrats now running France, Germany and Britain (which is not in the euro group), will move away from the sort of policies that businesses and investors prefer — lower taxes, less regulation and freer markets.

The resignation last week in Germany of Finance Minister Oskar Lafontaine, who had been at odds with more centrist members of the government, may provide an answer. Mr. Lafontaine wanted the European Central Bank to loosen the monetary reins, but he failed, and Mr. Malpass called his departure a victory for "sound-money forces."

German markets greeted the news by rising 8 percent — though the DAX index is still down 4 percent for the year in U.S. dollar terms.

Visitors in the past two years

have convinced me that what Europe needs most of all is the kind of flexibility Americans have in starting and expanding businesses. Today, red tape and stodgy financial institutions still thwart entrepreneurship in much of Europe, and a vast safety net perversely deters companies from hiring new workers.

Partly as a result, Europe has added only 12 million net new jobs since 1970, while the United States, smaller in population, has added 52 million. Today, despite economies that are growing at nearly 3 percent annually, the 11 euro countries have an aggregate unemployment rate of 10.8 percent, compared with 4.4 percent in the United States.

But even if Europe's governments don't change, its companies will. They have to — just as Japan's do. Otherwise, they will be crushed.

### Very briefly:

• New Zealand's central bank set its first-ever benchmark interest rate at 4.5 percent, replacing a system that tied interest rates to currency movements. The bank said it probably would not need to raise the new official cash rate for overnight loans between banks for two years, as inflation remained subdued.

• Russia will announce Monday plans to allow investors to reinvest ruble proceeds from its swap of defaulted Treasury debt for new bonds and cash. Investors will be allowed to invest in actively traded Russian stocks and corporate bonds, said Bella Zlatkin, director of the Finance Ministry's securities department. "We hope that all the necessary instructions for the exchange will be published by the central bank, Ministry of Finance and tax service by Monday," she said.

• For the first time since Massachusetts created its Pension Reserves Investment Trust for state employees, State Street Corp. will no longer act as the fund's custodian. Pittsburgh-based Mellon Bank has been named the new custodian of the \$25 billion fund.

### Financial Stock Picks

Washington Post Service

WASHINGTON — Analysts at Babson-United Inc. see both "growth and opportunity" in the widely diverse financial-services industry, recommending seven stocks.

They are American Express Co., banking and travel; Eaton Vance Corp., mutual funds and institutional money management (and a "potential takeover target" at a price/earnings ratio, based on year-ahead estimates, of just 13); MBNA Corp., credit cards; Merrill Lynch & Co., investment services; T. Rowe Price Associates Inc., mutual funds; Providian Financial Corp., credit cards, and Charles Schwab & Co., discount brokerage.

Unfortunately, some of these stocks — notably Merrill, Providian and Schwab — have surged in recent weeks, but Babson finds them still attractive.

— JAMES K. GLASSMAN

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## Hong Kong Theaters Shut Down to Protest Pirated Films

By Mark Landler  
New York Times Service

**HONG KONG** — Movie theaters closed across Hong Kong on Wednesday to protest the flood of illegally copied films, and an array of local film and pop stars led a rally of 2,000 people to demand a tougher crackdown on piracy.

Film producers said the Hong Kong film industry, once the second largest exporter of movies after Hollywood, has been devastated by the growth of movies recorded illegally onto compact disks.

Hong Kong was taken off a watch list by the U.S. government last month after it stepped up efforts to raid factories that produce illegally copied material. But executives here say the former British colony remains one of the worst offenders in Asia for copyright violations.

The rally Wednesday also included representatives from the music, cable-television, and computer-software industries — all of whom called on the Hong Kong government to assign police officers to shut down the factories that make illegal software and ar-

rest the merchants who peddle it. Hong Kong's movie industry, in particular, has been hurt by the advent of video compact disks, which can be bought for \$2 in stores or at street stalls, often days before the films are released.

Woody Tsung, the chief executive of the Motion Picture Industry Association, said the industry did not have reliable figures for how much money it lost each year as a result of illegally copied movies. But Mr. Tsung said the box-office revenue of Hong Kong films declined from \$168 million in

1993 to \$54 million last year. And he attributed 95 percent of the decline to piracy.

Theater owners said they lost about \$250,000 by shutting down cinemas for a day. They, too, contend that they are in a battle for survival. Five years ago, Hong Kong had 180 cinemas. Now, with so many people buying bootleg disks instead of tickets to the local multiplex, the number of movie houses has fallen to 73.

In the deserted lobby of Queen's Theater in central Hong Kong, a sign on the box-office window

apologized for being closed. It added: "Imagine a city without cinemas. If piracy is allowed to continue, this will be the result."

In a signal that the government regards piracy as a serious issue, Hong Kong's chief executive, Tung Chee-hwa, accepted a petition from the protesters. In a statement, Mr. Tung said: "We will not allow piracy or counterfeiting activities to tarnish Hong Kong's reputation."

On Tuesday, Customs officials staged a series of raids throughout the territory, in which they seized 350,000 pirated optical disks.

## Japan Passes Plan To Raise Spending

The Associated Press

**TOKYO** — The budget for the next fiscal year, intended to revive the Japanese economy, was passed into law Wednesday even though one house of Parliament voted against the record-high spending package.

Opposition parties rejected the \$1.9 trillion yen (\$695.9 billion) budget Wednesday in Parliament's upper house, where the ruling coalition is in the minority, but the vote was a mere formality, as the bill had already passed the more powerful lower house.

The approval of the budget was the swiftest in postwar history, reflecting a growing urgency within the government about attempts to reinvigorate the world's second-largest economy.

Speedy establishment of the budget demonstrated how important the matter is," Prime Minister Keizo Obuchi said Wednesday.

The legislation increases government spending by 5.4

percent and calls for 10 trillion yen in new public-works outlays. It is combined with a plan to cut taxes by 9 trillion yen.

Mr. Obuchi said: "Thanks to previous financial stabilization measures and the supplementary budget, the economy appears to be bottoming out. Now we intend to confront the future in a positive way."

The spending is widely expected to bring short-term relief to the sputtering Japanese economy, but critics fear it will merely delay the painful process of making Japanese industry more efficient.

There are also worries that the budget will dangerously inflate Japan's national debt, already one of the highest in the industrialized world. The government will have to float a record 71.13 trillion yen of bonds to finance the package.

After two years of recession, Mr. Obuchi has vowed to ensure that the economy returns to growth in the fiscal year beginning April 1.

The government announced last week that the economy had shrunk by 4.5 percent for the fifth straight quarter. But the Economic Planning Agency said Monday the slump was showing signs of bottoming out.

The budget passed the lower house of Parliament late February with the votes of the Liberal Democratic Party and its coalition partner, the Liberal Party. Under Japan's constitution, budget legislation need only be approved by the lower house.



Mr. Obuchi speaking after the \$1.9 trillion yen budget was passed Wednesday.

problems with phone handsets, the high cost of the service and the lack of a good sales force have kept potential subscribers away.

Iridium, based in Washington, said this month that it expected to fall short of first-quarter subscriber and revenue targets and would have to modify its credit agreement.

Shares of Iridium World

Communications Ltd., Iridium's investment vehicle, were trading in New York at \$20.125 late Wednesday, up 37.5 cents. (AP, Bloomberg)

spokeswoman for China Great Wall Industry Corp., the government-backed company that launches commercial satellites, said there had been "technical problems on both sides."

The executive said the satellite, if launched, would not have operated properly and had been shipped back to the United States for repairs.

The delay is not the first setback for the Iridium project to provide wireless telephone, data and paging services worldwide. Software

problems with phone handsets, the high cost of the service and the lack of a good sales force have kept potential subscribers away.

Iridium, based in Washington, said this month that it expected to fall short of first-quarter subscriber and revenue targets and would have to modify its credit agreement.

Shares of Iridium World

## Iridium Satellite Launch Called Off

Compiled by Our Staff From Dispatches

**BEIJING** — China's launch of a satellite for the U.S.-led Iridium global telephone network has been postponed indefinitely because of technical problems, executives from the companies involved said Wednesday.

The launch, which had been set for Friday, was rescheduled for Monday and then scrubbed, said an executive in Beijing with Iridium LLC, a U.S.-led consortium, who spoke on condition of anonymity. Geng Kun,

spokeswoman for China Great Wall Industry Corp., the government-backed company that launches commercial satellites, said there had been "technical problems on both sides."

The executive said the satellite, if launched, would not have operated properly and had been shipped back to the United States for repairs.

The delay is not the first setback for the Iridium project to provide wireless telephone, data and paging services worldwide. Software

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Communications Ltd., Iridium's investment vehicle, were trading in New York at \$20.125 late Wednesday, up 37.5 cents. (AP, Bloomberg)

## Slimmer Sime Darby Posts Profit

Compiled by Our Staff From Dispatches

**KUALA LUMPUR** — Sime Darby Bhd. said Wednesday that by jettisoning its unprofitable bank, selling assets and earning more money from its plantations, it had reversed its previous first-half loss to post a net profit for the six months to December.

It said it expected its 150 million ringgit subordinated

loan to Sime Securities Sdn. and 100 million ringgit equity in the RHB Bank group to be repaid when the disposal of Sime Bank is completed.

The company's exit from the banking industry — into which it sank about 2 billion ringgit — and its return to profit will allow it to focus on its main palm oil business. (AFP, Bloomberg)

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# HERALD TRIBUNE INTERNATIONAL SPORTS

THURSDAY, MARCH 18, 1999

PAGE 26

## WORLD ROUNDUP

### NFL Picks L.A.

NATIONAL FOOTBALL League team owners decided Tuesday that they would prefer that Los Angeles rather than Houston get the NFL's 32nd team. The owners voted, 29-2, in favor of Los Angeles. The Oakland Raiders, who claim they own the Los Angeles market, was one of the teams voting against.

The owners declined to pick one of the two Los Angeles ownership groups and instead awarded the franchise contingent on Los Angeles' getting a stadium and financing by Sept. 15. If it fails, Houston will get the team.

The owners also fined Eddie DeBartolo, the owner of the San Francisco 49ers, \$1 million and extended his ban through the 1999 season for his part in a Louisiana gambling scandal.

The Baltimore Ravens got the quarterback they coveted, obtaining Scott Mitchell from the Detroit Lions for two draft picks.

The Jacksonville Jaguars made Tony Boselli the highest-paid offensive lineman with a four-year contract extension worth \$26 million. (AP)

### Blue Jays Fire Manager

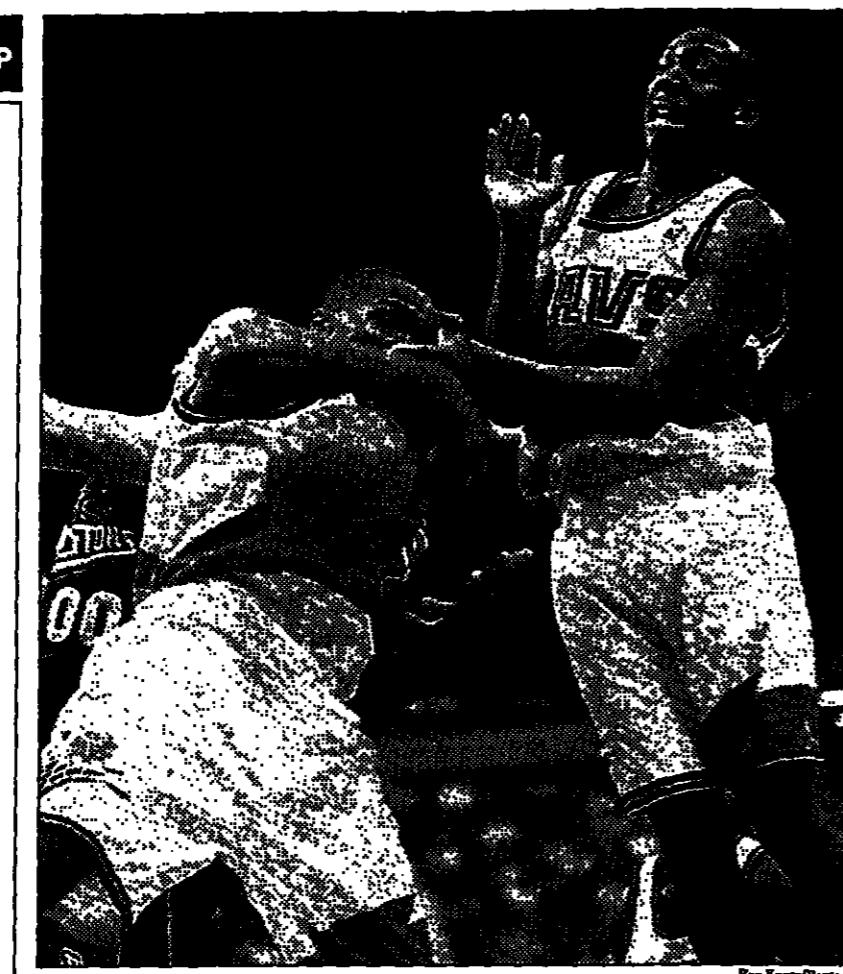
BASEBALL Tim Johnson, whose managerial career was derailed by lies about his military service in Vietnam, was fired by the Toronto Blue Jays on Wednesday and replaced by Jim Fregosi. Gord Ash, the general manager, said the move was made because the controversy was interfering with the team. The Blue Jays are 3-12 this spring (AP)

### Flyers Continue to Fall

ICE HOCKEY Roger Neilson, the Philadelphia Flyers coach, was ejected as his team stretched its winless streak to 12 games by losing, 5-2, Tuesday in St. Louis. Neilson threw a stick on the ice in the third period.

The Flyers have slid from first to sixth in the Eastern Conference.

Neilson became angry when Jody Hull of the Flyers was yanked down by Terry Yake before Favol Demitria put St. Louis ahead, 3-1. "I've been ejected a few times," Neilson said. "I've thrown a stick a few times, too. I was just throwing it over there, and it kind of went crooked and the linesman had to duck."



Corie Blount, left, and Wesley Person of Cleveland chasing a rebound.

## Heat Overpowers Wizards

### Miami Gains Confidence With 11th Home Victory

The Associated Press

After 16 victories in its last 18 games, Miami, according to Alonzo Mourning, is ready to take its game to the next level.

"We're on the verge of becoming one of the elite teams," Mourning said Tuesday night after his 19 points

his home debut for Cleveland, and Brevin Knight scored a season-high 19 points for the Cavaliers.

Shawn Kemp added 20 points and 9 rebounds for the Cavs, who won despite shooting just 33 percent from the floor.

Rapto 100, Nets 85 In Don Casey's first game as coach since replacing John Calipari, who was fired, New Jersey lost again, this time in Toronto.

The Raptors' Vince Carter had 20 points and 15 rebounds, and the Nets fell to 3-18.

Lakers 107, Timberwolves 101 Glen Rice and Shaquille O'Neal combined for 46 points in Minneapolis as the Lakers won for the 11th time in 12 games since Kurt Rambis replaced Del Harris as coach.

Dennis Rodman missed his second game since taking a leave of absence for personal reasons.

Suns 110, Bucks 92 Cliff Robinson scored 20 points and Tom Gugliotti 19 in Milwaukee for Phoenix, which led by 32 at one point in the second quarter.

Milwaukee lost its fourth straight since trading away Terrell Brandon and Tyrone Hill.

Rockets 101, Trail Blazers 93 Scottie Pippen had 18 points and 9 assists in Houston after a pregame talk with his coach, Rudy Tomjanovich.

"I was happy, we talked, that's all I'm going to say," Pippen said after complaining about not being more involved in the offense. "I like to get started early and let the team feed off my energy."

Sonics 87, Grizzlies 85 In Seattle, Vin Baker's tip-in with a half-second left saved the Sonics and handed Vancouver its 13th straight loss.

"I'm not really creative with my left hand, but it happened to be at the right place with the ball," Baker, who finished with 31 points, said of his game-winner off Detlef Schrempf's miss.

Spurs 121, Kings 109 San Antonio won its eighth in a row as Tim Duncan had 29 points and 12 rebounds, and Avery Johnson had 17 points and 15 assists in Sacramento.

and 14 rebounds paced Miami to a 94-85 victory over the Washington Wizards in Miami. "We're getting there, but we won't be satisfied until we get to the next level."

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## SPORTS



Roma players, led by Francesco Totti, in the wristband, arguing with Mario Van der Ende, right, after the referee refused to allow a Roma goal against Atletico.

## Parma and Bologna Win But Roma Falls to Atletico

Compiled by Our Staff From Dispatches

Atletico Madrid fought back from a goal down to beat nine-man Roma, 2-1, and advance to the last four of the UEFA Cup. Atletico, which won by the same score in the first leg in Madrid, advanced, 4-2, on aggregate.

Pierre Wome, Roma's Cameroonian defender, was sent off in the 28th minute Tues-

day for a brutal tackle from behind on striker Jose Mari Romero.

The foul and the strict punishment meted out by Mario van der Ende, the Dutch referee, set the tone for the rest of the stormy match.

Wome's dismissal appeared to lift Roma's players rather than deflate them and four minutes later they took the lead when Marco Delvecchio, Roma's top scorer this season, slipped a first-time shot under goalkeeper Francisco Molina.

Atletico hit back in the 52d minute when Carlos Aguilera, a defender, stole in at the back post to meet a deep cross from Michele Serena, Atletico's Italian defender, and volley the ball into the goal. Delvecchio and Fabio

Junior both missed chances for Roma before Roberto Fresnedoso poked the ball into the net to give Atletico victory.

Francesco Totti, the Rome captain, was sent off in the final minute.

Celta Vigo 0, Marseille 0 Marseille advanced to semifinals with a determined defensive effort in northwest Spain. A goalless draw proved enough for the French title contenders, who won the first game, 2-1.

Lyon 2, Bologna 0 Bologna lost in Lyon but still advanced. Alain Cavegnin and Joseph-Desir Job scored in the first half, but Lyon was unable to score the third goal it needed and lost, 3-2, on aggregate.

Parma 6, Bordeaux 0 Enrico Chiesa scored twice as Parma thrashed the visiting French league leader to advance, 7-2, on aggregate.

Argentines scored Parma's other four goals. Hernan Crespo hit two and Abel Balbo and Juan Veron one each. (AP, AFP, Reuters)

■ **Genoa Gives Spurs Victory.**

David Ginola slalomed past four defenders before scoring the only goal as Tottenham won, 1-0, in Barnsley to reach the semifinal of the English FA Cup. Reuters reported from Barnsley, England.

EUROPEAN SOCCER

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## SCOREBOARD

### BASEBALL

#### EXHIBITION BASEBALL

WESTERN CONFERENCE			
Utah	18	4	518
San Antonio	14	8	516
Houston	14	9	509
Arlington	12	10	504
Denver	6	12	490
Vancouver	6	14	360
Seattle	6	15	288

### CENTRAL DIVISION

Indiana	15	6	714
Atlanta	13	9	591
Milwaukee	12	9	571
Carolina	12	10	570
Toronto	8	12	490
Charlotte	6	14	360
Chicago	6	15	288

### INTERLEAGUE

Utah	18	4	518
San Antonio	14	8	516
Houston	14	9	509
Arlington	12	10	504
Denver	6	12	490
Vancouver	6	14	360
Seattle	6	15	288

### PACIFIC DIVISION

Portland	5	7	573
Seattle	12	9	569
Oakland	12	10	564
San Francisco	12	11	553
Los Angeles	12	12	548

### EUROPEAN BASEBALL

Houston	11	11	510
Atlanta	14	12	490
Cleveland	12	13	480
Baltimore	10	13	470
Seattle	12	14	460

### TUESDAY RESULTS

Atlanta	20	20	22	85
Indiana	20	21	22	85
Seattle	20	22	22	85
Philadelphia	20	22	22	85
Seattle	20	22	22	85

### WEDNESDAY RESULTS

Atlanta	20	20	22	85
Indiana	20	21	22	85
Seattle	20	22	22	85
Philadelphia	20	22	22	85
Seattle	20	22	22	85

### THURSDAY RESULTS

Atlanta	20	20	22	85
Indiana	20	21	22	85
Seattle	20	22	22	85
Philadelphia	20	22	22	85
Seattle	20	22	22	85

### BASKETBALL

#### NA BA STANDINGS

EASTERN CONFERENCE			
Atlanta	20	20	22
Indiana	17	5	27
Orlando	14	9	26
New York	14	9	26
Philadelphia	12	9	27
Washington	9	12	24
Boston	7	12	24
New Jersey	3	18	14

### TUESDAY RESULTS

Atlanta	20	20	22	85
Indiana	17	5	27	85
Orlando	14	9	26	85
New York	14	9	26	85
Philadelphia	12	9	27	85
Washington	9	12	24	85
Boston	7	12	24	85
New Jersey	3	18	14	85

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Orlando	14	9	26	85
New York	14	9	26	85
Philadelphia	12	9	27	85
Washington	9	12	24	85
Boston</				

## ART BUCHWALD

## Greatest Inventions

**N**EW YORK — The worst thing about the millennium is that we are now being bombarded with lists. We are offered the best news stories of the last 100 years, the most important people, the most outstanding athletes etc. etc.

I have a list. Mine is, "The Greatest Inventions of the Century" — the ones that changed our lives so we'll never be the same.

The first is the mute button on the television remote, created so mankind would no longer have to listen to commercials. The mute button was invented by Forest Mute in his garage in Hackensack, New Jersey. Mute was looking for a method of bypassing Howard Stern on the air when he accidentally deadened the sound on his set. When he could do the same on color TV, he knew he was a success.

The person who has never received fair credit for his contribution to our culture is Lamar Beach, who developed the first Scotch tape dispenser. Until Beach's invention,

people pulled the tape off its roll and got it tangled all over their fingers.

Virginia Wild was an ordinary housewife until she came up with the idea for eye shadow. She noticed that when she got up in the morning, her eyes looked glassy and were lacking in mystery.

So she picked up a piece of charcoal from the fireplace and darkened the area around her eyes. Men became attracted to her, and when word got out about it, eye shadow became de rigueur in the free world. Virginia became a zillionaire and bought all the coal mines in Pennsylvania to assure her eye shadow company an adequate supply.

Zion Zimrod was the inventor of "fat-free fat." For years, most of the large American food companies were trying to come up with fat-free fat to make fat-free foods taste better. Zion got the idea to use chicken fat. He put the fat in a microwave oven at 1,000 degrees and then set it on fire. The residue was fat-free, and not one white rat who tasted it gained a pound. Unfortunately, Zion forgot to patent it and hasn't made a dime on his discovery, although 2 out of 3 doctors recommend it.

Fearing that foreign movies might completely destroy their industry, Korean film people are defending the law against U.S. pressure to revoke it as a barrier to free trade and freedom of expression. The intensity of the crusade tends to provoke foreign observers, notably those interested in distributing movies here, into seeing it as a reflection of the complexities of a society once known as the "Hermit Kingdom."

Why, foreign film people ask, don't the Koreans produce movies of their own that can withstand the foreign threat? Koreans answer that no producer here can begin to match the budgets of the Hollywood blockbusters that arrive for limited runs and earn fortunes for local theater-owners, who are accustomed to taking losses the rest of the year on Korean films.

**S**EOUL — The director Kang Je Gyu may have solved the great mystery of the South Korean film industry: how to make a movie that fills local theaters for weeks on end, reaps a small fortune and, for a while, trounces the competition from abroad, notably the United States.

"There are two genres of movies," Kang said recently. "One is commercial, the other artistic. The audience cannot tell what is commercial, what is artistic."

Kang thinks he overcame the barrier with an action drama called "Swiri" that, as far as South Korean viewers are concerned, has it all: fast-moving, vicious violence, a love story that has them dabbing at their eyes and a political message that gets at the tragedy of a divided nation.

"For this film, I explained what I was thinking," Kang said. The 38-year-old has been involved in filmmaking since his student days but had directed only one movie before. "I know what the audience needs. Some people are divided between the commercial and the artistic, but a movie is a movie and it has to be mixed."

If that philosophy seems a little obvious, it is almost at the level of a fresh discovery among South Korean filmmakers, whose efforts at international artistic acclaim have resulted in box-office bombs at home. Until "Swiri," in fact, South Korean films, artistic and commercial alike, were often shown just to fill the demands of a quota law that requires theaters to put on South Korean-made films 106 days a year.

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Kim Yun Jin, left, and Choi Min Sik in "Swiri," directed by Kang Je Gyu.

There have been a lot of Korean cops and mystery films, but ours was the first Korean action film."

The most distinctively Korean element in the film is not the shoot-outs, the seemingly random killings, the chases through the streets of Seoul or the airborne pursuits — it is the drama of North versus South. The message is so political, so powerful as to pro- paganda, that the armed forces are showing it to troops and national leaders have endorsed it. At the same time, for South Koreans, it is distinctly emotional.

Those numbers, Kang pointed out, represent a return on an investment of about \$2.5 million. "That's about one percent of the cost of a Hollywood film," he said, but it is the most money ever spent on a Korean film, which is typically produced for less than \$1 million.

So what does "Swiri" offer that moviegoers cannot get at the nearest Hollywood flick or one of those Hong Kong action pictures that draw crowds throughout Asia? "The difference between a 'Swiri' and a Hong Kong or Hollywood film is that ours is close to the Korean reality," Kang said. "Hong Kong action films are more like a spectacle, a dance movement. We know we can't compete with the money or technology of Hollywood, but we're closer to reality.

another boost for the movie. The terrorists communicate via secret code, in the form of a *swiri*, a freshwater fish unique to Korea and a symbol of the oneness of the divided Korean Peninsula.

A morality tale on the evils of communism? Perhaps, but Kim said she thinks the love triangle that is superimposed on the terrorism angle makes the movie. "What's wonderful about this film," she said, "is that despite the conflict, the difference between North and South, love is the answer."

One might dispute that interpretation after seeing the hair-raising climactic stadium sequence. Instead, it seems to ask: are peace and unification impossible after all?

"Swiri" definitely opened up the possibility here of different genres," Choi said. "People are willing to take risks, to invest in different genres. 'Swiri' will help to open up people's minds."

A breakthrough for South Korea, no doubt, but is "Swiri" ready for the world? Samsung Entertainment Group plans to distribute it in Hong Kong and Singapore, both large cities with audiences that love action films, whatever the politics, and hopes to market it in Japan and Germany.

Could "Swiri" make it in the United States, a David in a land of megabuck productions? Samsung Entertainment is not sure, but Kim has hopes, if not for this movie, then for South Korean films cast in the same mold. "I would love to do a film where both Korean production and American production are involved," she said. "Korean films are not known in Hollywood. You have a sense in America of Japanese film and Chinese film, but not Korean."

If the point of "Swiri" is lost upon American audiences, Kim said, she hopes it will serve as a passport to Hollywood for Kang, the director.

"With this low-budget film, I hope he makes his way to Hollywood," she said. "If 'Swiri' was a milestone for Korean cinema, then he can represent a milestone for Korean film directors."

Kang sees "Swiri" as leading to more of the same — and better — in South Korea. "When people saw Korean cinema, they never thought of developing different genres," he said. "'Swiri' changed that. They said: 'Yes, 'Swiri' can be successful.' It changed attitudes. It caused a huge response in people. Now a lot of politicians see how important the movie business can be in opening up society, in making changes."

## Schiele Art Inquiry to Continue

New York Times Service

**N**EW YORK — A state appeals court has ruled that the Museum of Modern Art cannot return two Egon Schiele paintings to Austria until a criminal investigation into their ownership is concluded. The ruling reversed the decision of a lower court that had allowed the museum to return the paintings, which it had borrowed from the Leopold Foundation in Vienna.

The Manhattan district attorney, Robert Morgenthau, is examining charges that the paintings, confiscated from Jews by the Nazis, had improperly made their way after World War II into the private collection of Rudolf Leopold, a Viennese ophthalmologist, who later sold them to the Leopold Foundation, which is financed by the Austrian government.

The museum said it would appeal the decision.



ON THE TOWN — The model Elizabeth Hurley and the actor Hugh Grant arriving for the Los Angeles premiere of her movie "ED TV."

**T**HE BOXING champion Muhammad Ali is in the middle of a fight over the rights to his life story. His former adviser, Jaber Herbert Muhammad, and Jason Hirschfeld, the son of Ali's former lawyer, say they share the rights with Ali, and they are suing in federal court to stop a Columbia Pictures film about the heavyweight champion. The movie is set to star Will Smith. Muhammad and Hirschfeld say Ali sold Columbia the rights to his story without consulting them, and are seeking \$50 million in damages from Columbia's parent, Sony Pictures Entertainment Inc. Ali and Sony Pictures said they "categorically reject" the allegations.

The Irish singer Sinead O'Connor said that she would grant her former companion, John Waters, custody of their daughter Roisin, whom she would continue to see on weekends and during school vacations. "I'm not a bad mother. That's not why I am giving up custody," O'Connor said in a statement.

She had said last month that she would take Waters to court after he accused her of misreating their 2-year-old daughter, in what she called an attempt to gain custody. The authorities later confirmed that no charges of child abuse were pending against the singer.

A century or so ago, the 4th Duke of Northumberland restored Britain's Alnwick Castle, the magnificent medieval fortress where his family has lived for nearly 1,000 years. His descendants are undertaking a project as fittingly grandiose: A £15 million pound (\$24 million) garden that could be Europe's most ambitious horticultural venture this century and a strong tourist draw. A decidedly modern duchess, the former Isabel Jane Miller, is looking for a commercial sponsor, and she has set up a Web site to help her in her search. She hopes the new garden will be completed by 2001 — a child-friendly display of pools, floodlit fountains and landscaped rosebush hedges, complete with a garden for the senses, one of poisonous

plants, and another of fruits and vegetables. It would be open to the public year-round.

Suzy Menkes, fashion editor of the International Herald Tribune, was named Fashion Journalist of the Year by the British Fashion Council on Wednesday.

The German tenor Peter Schreier said he would retire from opera on his 65th birthday on July 29, 2000. He told the daily Dresdner Morgengazette that he would also step down as a regular ensemble member of Berlin's Staatsoper. But he would not turn his back on music altogether, he said, and would continue to give recitals of German lieder, sing oratorios and conduct.

## 'Chainsaw Massacre' Gets Its Day in Britain

The Associated Press

**L**ONDON — "The Texas Chainsaw Massacre" will finally be screened at British theaters, nearly a quarter century after it was banned by censors for being too shocking.

The film, which inspired a generation of slasher movies, is now set to hit theaters nationwide April 9 after it was approved for moviegoers 18 and older by the British Board of Film Classification. It was presented to the board again in preparation for its 25th anniversary re-release.

The board's president, Andreas Whittam Smith, said Tuesday that much of the film's notoriety in Britain arose from its rejection by censors in 1975.

"For modern young adults accustomed to the macabre shocks of horror films through the 1980s and 1990s, 'The Texas Chainsaw Massacre' is unlikely to be particularly challenging," Smith said.

(go down in history)

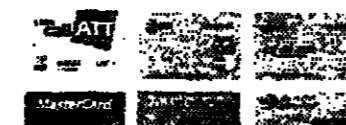
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